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In 2 Sections — Section 1

# The COMMERCIAL & FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

WITH WHICH HAS BEEN COMBINED THE FINANCIAL REPORTER

Volume 154 Number 3979 New York, N. Y., Thursday, September 11, 1941 Price 40 Cents a Copy

## 15 Good Reasons Why You Should Attend The NSTA Convention Down In New Orleans

If members need any reasons for attending what promises to be an all-time high in Conventions, the National Security Traders Association offers the following reasons for heading for New Orleans for September 23rd, 24th and 25th:

1. The Municipal Forum . . . Mr. Dave Wood of Thomson, Wood & Hoffman, New York, outstanding figure in the field of municipal law, speaking on "American Municipalities in Transition."

2. The Corporate Forum . . . Mr. William Duff, of Duff & Phelps, Chicago, national authority on public utility engineering and appraisal, discussing the "Evaluation of Public Utility Stocks."

3. The Business Meetings of the Association each morning . . . Everyone in Attendance is invited and urged to be present at these very educational gatherings.

4. The Personal Contact Feature . . . Where else can so many friendships be made and cultivated at one time?

5. Sazarac Cocktail Party . . . We moistened your tongue in Detroit last year; we'll quench your thirst this year.

6. Stag Dinner (special for the men) . . . A union of good fellowship, fun, and relaxation, a soothing balm for jangled nerves.

(Continued on page 108)

## OUR REPORTER'S REPORT

But for the fact that the introduction of the competitive bidding, or auction method of selling public utility company securities, has created no little confusion in underwriting and distributing circles, opinion in banking quarters is that much of the potential refunding which still remains in the "discussion stage" would long since have materialized.

**Now, however, despite the belief in some directions that refinancing by various components of the Electric Bond & Share aggregation is not likely to reach the point of actuality for some weeks, an-**

(Continued on page 109)

## Foreign Bond Defaults

Lack of proper coordination and intelligent planning is the obvious reason for the unholy mess into which the New Deal has plunged the defense program. There are many other spheres in which the Administration has blundered similarly during the last eight years, and not the least important of these is the business of foreign lending. Warren Lee Pierson, the able head of the official Export-Import Bank of Washington, adds a little to the written record on this subject is a "Report to the American People" concerning the institution.

Mr. Pierson discloses that the operational field of the official bank has been widened in recent months. Ever since the bank was organized in 1934 and liberally supplied with public funds, short-term credits have been extended to aid in the exportation of American products, when private banks found such business beyond their scope. Of much the same order has been the important business of extending medium-term credits to firms desiring to do an export business. In these two spheres the bank unquestionably has performed good service.

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## "JOTTINGS"

It looks as though the life insurance industry may presently run into another political problem nearly as troublesome as the TNEC investigation—namely, the defense savings program. One of the TNEC ideological masterpieces was an attack on the companies, in Monograph No. 37, on the ground that the companies contributed substantially to the depression of the 1930's by drawing in a large volume of savings from policy-holders and then failing to return these to the flow of national income and purchasing power. It was ironic that this proved to be the last major expression of Washington's fashionable anti-savings theories before the defense program reversed the entire situation and, beginning with the Treasury's defense savings bond program, changed saving in the lexicon of Washington economists from a vice to a virtue. The insurance companies, incidentally, with their customary lack of public relations astuteness, have failed so far to capitalize this reversal of viewpoint.

**However, the big question now is whether the Washington authorities will take the attitude that insurance sales, particularly of endowment policies and others which include a large element of true saving as well as of straight insurance, shall be encouraged as one more means of**

(Continued on page 103)

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# N. S. T. A. Year Book Notes

*By HAROLD S. SMITH, (Duryea & Company, New York City)*

Your Committee has succeeded in getting a few days extension for advertising. While we had planned to close September 10th, the publisher of the Financial Chronicle (formerly Financial Reporter) has given us until September 15th. (May even be able to work in ads a day or two later but can't promise.) I trust in the next few days our out-of-town members will endeavor to get their orders in direct to the publisher and let us make this, our Convention issue, a greater success than previous years for the N.S.T.A. Treasury. It has been encouraging to note some of the post-convention issues which demonstrate the usual cooperation of our membership.

Your Committee reports having received orders from eleven affiliates only. A special letter is being mailed to all Presidents with complete recaps to date. Every member is urged to use every effort to assist their N.S.T.A. treasury by securing advertising for the N.S.T.A. Year-Book and Convention issue of the Financial Chronicle.

## Sutro Bros. & Co. Open New Over-Counter Dept. With R. Sims Reeves As Mgr., Bezer & Connell

Sutro Bros. & Co., 120 Broadway, New York City, announce the opening of a trading department to deal in general over-the-counter securities.

R. Sims Reeves, who has been associated with Robert C. Mayer & Co., Inc. for the past three years and prior thereto conducted business under his own name for seven years will be in charge of the new department. Associated with him will be Charles A. Bezer and Lawrence Connell. Mr. Bezer was recently with Van Alstyne, Noel & Co. and prior to that was vice-president and manager of the trading department of Berets, Bezer & Co., Inc., Mr. Connell has been in the trading department of Fitzgerald & Co., Inc., and previously was manager of the trading department for Hartley Rogers & Co.

The firm maintains a direct private wire to their Chicago office.

As previously reported in these columns, Paul Yarrow recently became associated with the Chicago office of Sutro Bros. & Co., 134 South La Salle Street, as manager of their trading department, and William J. Sennott and Frederick J. Cook are associated with him. All three were previously in the trading department of Kirstein & Co.

## Boatwright, Gulden Formed In New York

Boatwright, Gulden & Co. has been formed to continue the business formerly conducted by the firm of Gwaltney, Gulden & Co., with offices at 41 Broad Street, New York City. Partners in the new firm are John L. Boatwright and Paul A. Gulden, who will continue a general unlisted securities business.

## Neumark Commander Of Wall St. Legion Post

Arthur J. Neumark, partner of H. Hentz & Co., was elected commander of the Wall Street Post No. 1217 American Legion, at the annual meeting. Charles L. Davis, of R. H. Jantzer & Co., was chosen First Vice Commander; Stanley J. Colling, of The National City Bank of New York, Second Vice Commander; and Reeve C. Lahr, of Marmac Oil & Supply Co., Third Vice Commander.

Four new members were admitted to the post: Edward V. Molyneaux, Standard Oil Company of New Jersey; Edward V. Arras, S. R. Melvin & Co.; and Charles Endrich and Arthur J. O'Connell, both of Coy, Disbrow & Co.

August Reimer was selected as chaplain of the post, and the following officers were re-elected: Joseph F. Steiner, adjutant; Al. Wax, finance officer; Peter J. Murray, sergeant at arms; and Joseph A. Fischer, historian. William F. Scanlan, past commander, and Mr. Steiner were chosen county delegates, and their alternates are Mr. Davis and Edward Leven.

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# Dealer Briefs

### New York City

The policy just announced by a substantial group of New York hotels of an approximate 10% increase in room rates may have a very beneficial effect on the market prices of bonds secured by New York hotel properties, which have been showing consistent strength during recent months.—*H. [illegible] Amott, Amott, Baker & Co.*

### Philadelphia, Pa.

Specifically speaking, our investment business in this section of the country has been mostly the selling of Water Authority bonds, some municipals to the banks and occasionally a new issue, such as Philadelphia Company 4¼% bonds. The individuals generally buy stocks to a great degree. The large investors buy Water Authority Bonds or occasionally an attractive Municipal bond. Local stocks of the banks and our Water Company are much in demand.

Generally speaking, the investment business seems to be at a period of waiting to see the final Income Tax bill from Washington and its effect on the stock market or Company earnings. The average individual is very apprehensive at the present moment and in a number of cases he retains his money, and in quite a number of cases cash is going into bank deposit boxes.—*Clarence H. Smyser, Graham, Parsons & Co.*

It has always been a fundamental principal in this business that securities sell at prices in relation to their earnings. Each quarter many Corporations have continuously showed increased earnings after allowing for taxes and for that reason we believe that the American Investing Public is just "watching the world go by" when they do not invest now.

To be sure the market is fluctuating depending on the news as to how the war is going, with or against the Anti-Axis Forces. But of late, the market has practically remained stationery and any bad news that comes out it takes very well.

We have passed through many trying times in the pase twelve years and earnings today are higher in a great many cases than they were during the boom period of 1927 to 1929 and yet securities are selling at a much lower level.

Therefore, we believe there are greater opportunities at this time to purchase securities with proven records than has existed for some years.—*Charles A. Taggart & Co.*

We feel when individuals realize the extent of the increase in their tax bills that many will buy municipals for the first time. At the rate of improvement of the credit of the City of Philadelphia, the obligations of the City, in our opinion, are out of line. Unless conditions radically change the bonds which Philadelphia expects to sell in October should establish a new low interest cost to the City.—*Schmidt, Poole & Co., Philadelphia, Pa.*

## D. L. & W. Looks Good

B. W. Pizzini & Co., 52 Broadway, New York City have issued a circular containing an interesting discussion of the current situation in the fixed income securities of the Delaware, Lackawanna & Western Railroad. Copies of this may be had on request from the Pizzini firm.

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Editor and Publisher

Frederick W. Jones, Managing Editor

William Dana Seibert, President

William D. Riggs, Business Manager
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## Prudential Ins. Co. Fin. Dept. Promotions

NEWARK, N. J. — Three important promotions in financial departments of the Prudential Insurance Company of America have been announced by President Franklin D'Olier.

The Board of Directors has elected H. Woodruff Tatlock, formerly associate manager of the Bond Department, to the position of assistant treasurer.

George T. Wofford, Jr., who also was associate manager of the Bond Department, has been promoted to manager of that department, and Kerby H. Fisk, becomes assistant manager.

Mr. Tatlock became associated with the Prudential in 1927, and he was made associate manager in 1936. Mr. Wofford has been connected with the company since his graduation from Princeton in 1929. Mr. Fisk was associated with New York financial institutions before his appointment with the Prudential on May 1, 1941.

## NY Traders Appoint Nominating Committee

The Security Traders Association of New York announce that a Nominating Committee has just been appointed by the Board of Directors to present a slate of officers for 1942 to be submitted to the members at the regular election meeting of the Association in December.

Members of the Committee are: George Kranz, Amott, Baker & Co., John Laver, R. F. Gladwin & Co., Frank Mulligan, G. A. Saxton & Co., and Richard Barnes, A. M. Kidder & Co.; Benjamin H. Van Keegan, Frank C. Masterson & Co. will be the representative of the Board of Directors.

## Tomorrows Markets Walter Whyte Says—

**Instead of talking about markets as if they were a unit it is better to check over the list readers of this should now be holding; the record with recommendations follows.**

*By WALTER WHYTE*

The action of the stock market for the past six days can be best as described as one of those things found in the lexicon of Broadway, e.g. "strictly from hunger."

* * *

As last week began the market kept looking over it's shoulder as if it were scared of something sneaking up behind it's back. It's jitters were so marked that by Friday it looked as if it would fall over in a dead faint if anybody as much as whispered boo! Fortunately or unfortunately—depending what side you're rooting for—nobody made any sudden noises so instead of the market turning around and running like hell it just tip-toed softly back from the highs it almost reached a week ago.

* * *

So far as news was concerned, most of it was on the optimistic side. The Russians seem to be putting up a much better fight than anybody dreamed they would; Japan seems to have stopped throwing her weight around and here in America business is doing all right. Of course Mr. Morgenthau came out again warning of the dangers of immediate inflation unless restrictions were applied at once and Mr. Jones of the Texas Jones's allowed that it wouldn't be at all a bad idea if the United States sold some of the American securities it took over from Britain. But all this had little real effect

(Continued on Page 107)

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## Our Reporter On "Governments"

The Treasury's cash balance is at an exceedingly "satisfactory" level—or "comfortable" might be the better word. . . . And even without a September financing by Secretary Morgenthau, the cash balance will be at a respectable level at the end of this month. . . . The sales of tax anticipation notes plus the September income tax collections plus sales of defense bonds will assure tha ◇ decidedly significant accomplishment. . . .

Any casual observer glancing at the Treasury cash figures these days would conclude that the defense program is being financed with ease and dispatch by Morgenthau and his assistants. . . . Any superficial survey of the Government financial reports would suggest that large-scale borrowing from the nation's banks and insurance companies is a thing of the past—a phenomenon out of the dead '30s. . . .

Well, maybe. . . At this writing, there's no question about the fact that Morgenthau has the cash to pay for September's defense expenditures. . . . But the big problem is not meeting the expenses of this month, but meeting the expenses of next month and the month after that and the month after that. . . .

**And a serious investigation of the present fiscal position of the Government indicates that there's trouble ahead — unless something is done about expanding the sales of Government defense bonds. . . .**

### *Tax Anticipation Notes*

"Marvelous" and "stupendous" are the only words that properly characterize the results of the first month's sale of tax anticipation notes. . . . The total of $1,037,124,525 exceeded even the most optimistic forecasts. . . . And that billion dollars represents just the beginning, judging from the terms of the new tax bill and the reserves being put aside by America's leading corporations. . . .

How much this month? . . . Of course, a prediction is foolhardy at this time, for we know that many of the biggest companies bought their full allotments in August and there's no way of guessing when the other, less alert concerns will come in and buy these highly attractive securities. . . .

But let's say the amount approximates $400,000,000, less than half August's sales. . . . That would be conservative. . . . And yet, that forecast indicates how easy will be the Treasury's cash problem—for the time being. . . .

### *The defense bonds*

Add to this $400,000,000, the $700,000,000 or so that will be collected in taxes and the fiscal picture is rounded out. . . .

Then add the $250,000,000 or so that the Treasury will get from defense bond sales and the statement that no new cash borrowing is necessary for a while at least is entirely justified. . . .

**But now let's stop for a moment—study that last statistic on defense bond sales. . . .**

**For therein lies the story of foremost importance to every investor in Government bonds. . . . Therein lies the tale that will in all probability influence the banking system of the United States for many years to come. . . .**

### *A Failure*

Between May 1 and September 1, the Treasury sold $1,278,083,000 defense bonds and stamps to the American public. . . .

In August, the sales amounted to $265,606,000. . . . In July, to $342,132,000. . . . In June, to $314,527,000. . . . In May, to $349,818,000. . . .

The August sales were the lowest since the sale began. . . . They compared with defense expenditures of about $1,300,000,000 in the same month. . . .

Of the total, only $117,603,000 represented sales of the Series E bonds—the obligations designed for the portfolios of "little fellows". . . . That's scarcely as good a record as Morgenthau main-

(Continued on page 106)

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## D. M. Hawkins Is Now S. F. Mgr. For Otis

CLEVELAND, OHIO — Otis & Co., Terminal Tower, underwriters and distributors of municipal and corporate securities, has announced the appointment of Daniel M. Hawkins as Manager of its San Francisco office, 1727 Russ Building.

Mr. Hawkins, who has spent his entire business career with Otis & Co., goes to the Coast from Cleveland with a wide experience in all branches of the stock and bond business.

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## DIVIDEND NOTICES

### LOEW'S INCORPORATED

"THEATRES EVERYWHERE"

*September 5, 1941*

THE Board of Directors on September 3rd, 1941 declared a dividend at the rate of 50c. per share on the outstanding Common Stock of this Company, payable on September 30th, 1941 to stockholders of record at the close of business on September 19th, 1941. Checks will be mailed.

DAVID BERNSTEIN
*Vice President & Treasurer*

### WESTERN TABLET & STATIONARY CORPORATION

Notice is hereby given that a dividend at the rate of $2.00 per share on the issued and outstanding shares without par value of the Common Stock of Western Tablet & Stationery Corporation has been declared payable on September 30, 1941, to the holders of record of such shares at the close of business on September 19, 1941.

E. H. BACH, Treasurer

### AMERICAN MANUFACTURING COMPANY

Noble and West Streets
Brooklyn, New York

The stock record books of the American Manufacturing Company will be closed for the purpose of transfer of stock on September 20th until October 1st. Directors' Meeting will be held on Friday, September 19th, 1941.

ROBERT B. BROWN, Treasurer.

### New York & Honduras Rosario Mining Company

120 Broadway, New York, N. Y.

September 10, 1941.

DIVIDEND No. 356

The Board of Directors of this Company, at a meeting held this day, declared an interim dividend for the third quarter of 1941, of Sixty-two and a half cents ($.62½) a share on the outstanding capital stock of this Company, payable on September 27, 1941, to stockholders of record at the close of business on September 17, 1941.

WILLIAM C. LANGLEY, Treasurer.

### HOMESTAKE MINING COMPANY

Dividend No. 845

The Board of Directors has declared dividend No. 845 of thirty-seven and one-half cents ($.37½) per share of $12.50 par value Capital Stock, payable September 25, 1941 to stockholders of record 12:00 o'clock noon September 20, 1941.

Checks will be mailed by Irving Trust Company, Dividend Disbursing Agent.

R. A. CLARK, Secretary.
September 2, 1941.

### A. HOLLANDER & SON, INC.

Common Dividend

A dividend of 25c per share on the Common Stock has been declared, payable September 15, 1941, to stockholders of record at the close of business on September 5, 1941. Checks will be mailed.

ALBERT J. FELDMAN, Sec.
Newark, N. J.
August 25, 1941.

### United Shoe Machinery Corporation

The Directors of this Corporation have declared a dividend of 37½c. per share on the Preferred capital stock. They have also declared a dividend of 62½c. per share on the Common capital stock. The dividends on both Preferred and Common stock are payable October 6, 1941, to stockholders of record at the close of business September 16, 1941.

WALLACE M. KEMP, Treasurer.

### NEW YORK TRANSIT COMPANY

26 Broadway

New York, August 19, 1941.

A dividend of Thirty (30) Cents per share has been declared on the Capital Stock ($5.00 par value) of this Company, payable October 15, 1941 to stockholders of record at the close of business September 26, 1941.

J. R. FAST, Secretary.

### UNITED FRUIT COMPANY

Dividend No. 169

A dividend of one dollar per share on the capital stock of this Company has been declared payable October 15, 1941 to stockholders of record at the close of business September 18, 1941.

LIONEL W. UDELL, Treasurer.

### MARGAY OIL CORPORATION

DIVIDEND NO. 45

The Board of Directors of the MARGAY OIL CORPORATION has this day declared a dividend of twenty-five cents a share on the outstanding stock of the corporation of the issue of 160,000 shares provided by amendment to the certificate of incorporation of April 27, 1926, payable October 10, 1941, to stockholders of record at the close of business September 20, 1941

J. I. TAYLOR, *Treasurer.*
Tulsa, Oklahoma, September 2, 1941.

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## Harold B. Smith Is Now With Duryea Co.

Harold B. Smith, one of the first presidents of the Security Traders Association of New York, is now at Duryea & Co., 65 Broadway, New York City.

Harold B. Smith

Nationally known for his native wit and good nature, Harold Smith is presently serving as Chairman of the National Security Traders Association Year Book Committee and hopes to see all his many friends at New Orleans.

## L. R. Johnson Joins Mitchum, Tully & Co.

(Special to The Financial Chronicle)

SAN FRANCISCO, CAL. — Lawrence R. Johnson has become associated with Mitchum, Tully & Co., members of the Los Angeles and San Francisco Stock Exchanges, 405 Montgomery Street. Mr. Johnnson was formerly local manager for Otis & Co. and prior thereto for many years was with Conrad, Bruce & Co.

## Street Cashiers Will Hold Annual Outing

The Cashiers Association of Wall Street, Inc., announces that it will hold its annual outing September 13, 1941 at the Elks Club House, Oakwood Heights, S. I. Facilities for soft ball, hand ball, horse shoes, bowling and ski ball will be available at the Club.

## NOTICES

**The Winters National Bank** located at Winters, in the State of California, is closing its affairs. All note holders and other creditors of the association are therefore hereby notified to present the notes and other claims for payment.

W. W. STARK, *Cashier.*
Dated July 8, 1941

**The Bank of Suisun,** National Association located at Suisun, in the State of California, is closing its affairs. All note holders and other creditors of the association are therefore hereby notified to present the notes and other claims for payment.

F. S. JONES, *President*
Dated July 9, 1941

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## PERSONNEL ITEMS

*If you contemplate making additions to your personnel, please send in particulars to the Editor of the Financial Chronicle for publication in this column.*

NEW YORK, N. Y.—**Hampton S. Sealy**, formerly with J. R. Williston & Co., has become associated with **Holsapple & Co.**, 30 Pine Street.

(Special to The Financial Chronicle)

CHARLOTTE, N. C. — **Bayard Hancock Storm, Jr.** has become associated with **McAlister, Smith & Pate, Inc.**, Johnston Building.

(Special to The Financial Chronicle)

CHICAGO, ILL.—**John M. Burrows** has become associated with **Standard Bond & Share Co.** whose main office is located in the Rock Island Bank Building, Rock Island, Ill. Mr. Burrows was formerly with F. E. Harvey & Associates, Inc. and prior thereto with Commercial Investment Discount Co.

(Special to The Financial Chronicle)

CHICAGO, ILL.—**H. W. Coakley** has become affiliated with the staff of **Arthur H. Wyatt**, Guaranty Building, Indianapolis, Ind.

(Special to The Financial Chronicle)

CLEVELAND, OHIO — **Carl Abbott** has rejoined the staff of **J. E. Neubauer & Co.**, Guardian Building. In the past Mr. Abbott was with Joseph A. Eger; Securities Financing Co. and Tillotson & Co.

(Special to The Financial Chronicle)

DENVER, COLO.—**George Edwin Smith** is now with **Charles J. Rice & Co.**, First National Bank Building. Mr. Smith for five years was connected with R. G. Bulkley & Co.

(Special to The Financial Chronicle)

DETROIT, MICH.—**Charles T. Bartow**, for many years with Heber-Fuger-Wendin, Inc., has joined the staff of **First of Michigan Corp.**, Buhl Building.

(Special to The Financial Chronicle)

DETROIT, MICH. — **Nathan Plotkin** has joined the staff of **Merrill Lynch, Pierce, Fenner & Beane**, Buhl Building. Mr. Plotkin was previously with Baker, Weeks & Harden and prior thereto with Sutro Bros. & Co.

(Special to The Financial Chronicle)

KALAMAZOO, MICH.—**Gerritt B. Takens** has joined the staff of **Alison & Co.**, whose main office is located in the Buhl Building, Detroit, Mich. Mr. Takens was previously with Olmsted & Mulhall, Inc. and in the past conducted his own firm in Grand Rapids.

(Special to The Financial Chronicle)

PORTLAND, MAINE — **Albert B. Collins**, formerly with F. L. Putnam & Co., is now connected with **J. Arthur Warner & Co.**, Chapman Building.

(Special to The Financial Chronicle)

PORTLAND, OREG.—**Lynn Y. Keady** has become associated with **Daugherty, Cole & Co.**, U. S. Bank Building. Mr. Keady for many years was affiliated with Federal Securities Company.

(Special to The Financial Chronicle)

PORTLAND, OREG. — **Gerald E. Gaylord**, previously with Interstate Securities Co., Inc. and in the past with Humphrey & Galbraith, is now associated with **John Galbraith & Company**, Porter Building.

(Special to The Financial Chronicle)

RALEIGH, N. C.—**Frank Bergmann Mund** has been added to the staff of **McAlister, Smith & Pate, Inc.**, Johnston Building.

(Special to The Financial Chronicle)

SAN FRANCISCO, CAL. — **Norman K. Tyler** has become affiliated with **Bankamerica Company**, 300 Montgomery Street, Mr. Tyler has formerly with H. R. Baker & Co.

(Special to The Financial Chronicle)

SAN FRANCISCO, CAL. — **Merrill Lynch, Pierce, Fenner & Beane**, 221 Montgomery Street, have added **Julius J. Fulton**, previously with Stone & Youngberg, to their staff.

(Special to The Financial Chronicle)

SAN FRANCISCO, CAL. — **Claude M. McPhee**, formerly with Wm. Cavalier & Co., has joined the staff of **Schwabacher & Co.**, 600 Market Street at Montgomery.

(Special to The Financial Chronicle)

SEATTLE, WASH.—**Wyatt M. Howard** is now with **Hartley Rogers & Co.**, 1411 Fourth Avenue Building.

## Hunter Jr. Joins MacBride Miller Co.

Wellington Hunter, Jr. has become associated with MacBride, Miller & Co., Inc., 70 Pine Street, New York City, as manager of their trading department. Mr. Hunter was previously associated with Hunter & Co. as assistant manager of the trading department.

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## Alwyn A. Throckmorton With F. H. Hatch Co.

Frederic H. Hatch & Co., Inc., 63 Wall Street, New York City, announce that Alwyn A. Throckmorton, has become associated with them in their trading department. He will specialize in preferred stocks. Mr. Throckmorton was formerly with Blair & Co., Inc., and Kidder, Peabody & Co. In the past he was a partner in Dillon, Throckmorton & Shantz and was with Dominick & Dominick.

## Todd Cartwright Now V.-P. Blair Securities

CHICAGO, ILL.—Todd Cartwright has been elected a vice-president of the Blair Securities Corporation, 135 South La Salle Street. He will make his headquarters in the Chicago office and will be in charge of the municipal and corporate department.

Mr. Cartwright has been associated with Blair & Co. of New York (the corporation's parent firm) for the past twelve years, representing them in Ohio and the surrounding territory.

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## Chicago Bond Traders Open Bowling Season

Forty members of the Bond Traders Club of Chicago started their sixth season of bowling September 8th at the Dearborn-Jackson Recreation Center.

Eight teams of five men each are captained by the eight high bowlers of the previous season. They are:

Yankees—Frederick J. Cook, Sutro Bros. & Co.

Giants—Arthur W. Fenton, E. H. Rollins & Sons, Inc.

White Sox—M. J. Cann, A. G. Becker & Co., Inc.

Cardinals — Ernest A. Mayer, Holley, Dayton & Gernon

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Tigers — Thomas D. Walsh, Dolye, O'Connor & Co., Inc.

Pirates — Chris J. Newpart, Merrill Lynch, Pierce, Fenner & Beane

Fred E. Busbey, of Fred E. Busbey & Co., is President of the league, Joseph G. Ballisch, A. C. Allyn & Co., Inc., Sec'y and Treasurer. Play will continue each Monday night for 35 weeks.

## Defaulted RR Bond Index

The defaulted railroad bond index of Pflugfelder, Bampton & Rust, 61 Broadway New York City, shows the following range for January 1, 1939 to date: High —34⅝, low—14¾, last 33¾.

## Write For Folder

R. H. Johnson & Co., 64 Wall Street, members of the New York Stock Exchange, have prepared a folder on investment securities for September, 1941. Copies of the folder, which should be of interest to dealers, may be had from the firm upon request.

*An Analysis*
Solvent and Reorganization Railroad Securities
*which should be of real interest to Dealers*

*Copy on request*

**PFLUGFELDER, BAMPTON & RUST**
*Members New York Stock Exchange*
61 Broadway New York
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RAILROAD REORGANIZATION SECURITIES

# RAILROAD SECURITIES

The results of the railroad wage negotiations so far should have occasioned no surprise, but apparently a jittery financial community is prepared to shy at practically anything. Despite sporadic and abortive rumors to the contrary it was a foregone conclusion that mediation attempts were doomed to failure, that submission to arbitration was out of the question and that the strike vote would be overwhelmingly in favor of a strike notice. Nevertheless, announcement last week that negotiations had failed and that heads of the unions had set September 11 as the date for a nation-wide strike, caused renewed uneasiness throughout all sections of the rail list. No one could harbor the slightest notion that a general railroad strike would be tolerated at this time (if ever) but people have become justifiably apprehensive over the Administration's labor policies, and awaited with trepidation announcement of the makeup of the fact finding board.

The fact finding board has 30 days in which to present its report and there is then a further waiting period of 30 days within which neither side may take definite action. While the board's recommendations are not binding on either party to the dispute, it is generally conceded that public opinion will virtually force acceptance of its suggestions.

**In the present psychological state of the market, any reasonable end to the present uncertainties will be a boom, and the pattern will be definitely set by early October. A compromise favorable to the railroads, coinciding with the seasonal peak of traffic, would almost certainly bring into the market a broad buying interest, barring very serious foreign war set-backs. An increase averaging 10% would be considered more or less negatively bullish. It would be about in line with what has been generally expected and so would not be calculated to bring in any selling. At the same time, with the uncertainty out of the way it would bring in new buying from those impressed with earnings and financial progress and prospects over the visible future, who have been hesitant to step in during the negotiations. If a 10% increase in wages were accompanied by a revision of antiquated working rules, it would be definitely bullish as would any increase that worked out to less than an average of 10%.**

In the meantime, traffic has again fallen into a poorer than seasonal pattern; the Dow-Jones index of carloadings in the final week of August declined two points to 108.8 and was at the lowest level since early May. Nevertheless, in point of physical volume the showing is still highly creditable. Year-to-year gains continue to hover close to the 20% mark, and the total of 912,720 cars was the highest for any single week since November 2, 1930. Shortages in certain strategic materials, lack of storage space for grains, and labor disruptions are apparently

*(Continued on Page 111)*

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Consolidated Paper 5½s, '61
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Calgary Power 5s, 1960
Canadian Int'l Paper 6s, '49
Dominion Gas & Elec. 6½s, '45
Great Lakes Paper 5s, '55
Int'l Pr. & Paper Nfld 5s, '68
Minn. & Ontario Paper 5s, '60
Montreal Lt. Ht. Pr. 3½s, '56-73
Montreal Tramway 5s, 1941-55
Quebec Power 4s, 1962
Restigouche 6s, 1948
Shawinigan Wt. & Pr. 4s, '61-69
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## SEC Names Geraghty Denver Administrator

WASHINGTON, D. C.—The Securities and Exchange Commission has appointed John L. Geraghty of Butte, Mont. as regional administrator of its Denver office, succeeding the late Howard N. Lary. Mr. Geraghty is senior attorney in the Denver office of the Commission with which he has been associated since 1935. Prior to his connection with the SEC, he was an attorney for the FBI.

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# Bank and Insurance Stocks

## This Week — Bank Stocks

The trend of bank loans continues upward and with it the prospects for a higher level of bank earnings seem brighter. For the week ending Sept. 3 the weekly reporting member banks showed a gain of $39,000,000 in commercial, industrial and agricultural loans. This lifts the total of such loans for the member banks in 101 leading cities to $6,222,000,000 which is $1.7 billion higher than in the same week a year ago.

At the same time loans to brokers and dealers in securities increased $159,000,000 over the previous week and this was $217,000,000 higher than the total for the same week a year ago.

This expansion in loans is combined with a steady decline in excess reserves which have showed a drop from a peak of around $7,000,000,000 to somewhat under $5,000,000,000. While this total for idle funds in the hands of the banks still looms large in proportion to past standards it is significant in relation to certain other current developments.

As a part of the contemplated efforts to control the threatened inflation there has been considerable talk lately of a further increase in the reserve requirements of the member banks. It seems likely that some action along these lines will be taken sooner or later as a defensive measure against the rise in prices and the over-expansion of credit. While the meaning of such developments to the interests of the bank stock holder may not be evident on the surface the affect which it can have on the money market have a definite relation to the interests of investors.

**Since excess reserves are already declining any increase in reserve requirements will only accelerate this trend. By thus reducing the money supply seeking investment it can have an affect on interest rates. If interest rates move up it is of concern to the bond holder and the bank stock holder.**

In the past the increase in reserve requirements was offset by the continued flow of gold to this country so that excess reserves continued to expand. Since the war, however, gold imports have diminished greatly and thus an increase in reserve requirements at this time should have a much more profound affect on the money market and possibly interest rates.

In this connection the banks may be forced to liquidate some of their security holdings in order to raise the cash with which to meet the higher reserve requirements. This action might well have a depressing affect on the bond market and interest rates. The sharp dip in the bond market after the increase in reserve requirements in 1936 and 1937 is a case in point.

**In spite of the many false alarms in the bond market in the past several years it is certain that the next major move in bond prices can only be downward. If the tightening reserve position of the banks now portends a drop in bond prices it might presage the long-term reversal of interest rates which has been awaited for so long.**

Bank stocks still offer a good medium of protection in this situation for the reasons that have been frequently set forth here in the past. Higher interest rates can only benefit the banks and their investment holdings are cushioned against a decline in bond prices by the large reserves which have been built up. Not all bank stocks are equally attractive but a selective choice among the leading issues might be an alternative for the holder of high grade bonds who would face a loss of principal in any softening of bond prices as a result of tighter money conditions.

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## Winslow Now In Field Of Personnel Service

HARTFORD, CONN. — R. H. Winslow has opened the Specialized Personnel Registry at 36 Pearl Street. Mr. Winslow has been indentified with the investment business in Hartford since 1926. Upon leaving Boston University School of Business Administration where he specialized in the Study of business psychology, publicity and advertising, he became engaged in the advertising business. From this he entered the brokerage field in Hartford.

After having been employed in practically every branch of this profession Winslow and Company was formed and continued from 1935 until combining with Goodbody & Company's local office in February 1941. During the existence of his own business Mr. Winslow gained a widespread reputation for his analytical ability and his clear accurate presentations.

Being continuously impressed with the cumulative uncertainty of his work and the excess of usable manpower present in investment houses, Mr. Winslow organized Specialized Personnel Registry to locate more promising employment for brokerage employes. It is his conviction that these people possess far above average qualifications for many other types of work but are at an extreme disadvantage in putting them to profitable use. By combining experience and first hand knowledge of these values, with promotional ability and a wide personal acquaintance among industrialists, bankers and other business men, he is uniquely qualified to accomplish his purpose.

Besides specializing in the employment problems of the employes of investment houses Specialized Personnel Registry is going to engage in other personnel work of specialized character.

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L. A. Gibbs, Manager Trading Department)

## An 88 Year Record

A comparative table on The Home Life Insurance Company showing assets, premiums written, losses paid, and dividends paid for every year since 1853 has been prepared by Butler-Huff & Co. of California, 210 West Seventh Street, Los Angeles, Calif. Copies of the circular which should be of considerable interest to dealers may be obtained from Butler-Huff & Co. The Home Insurance Company has paid a cash dividend every year since its organization except 1873.

# The Securities Salesman's Corner

*It is our desire to develop this column into a clearing house for ideas. If we could pass along some things that the other fellow is doing which is helping to meet present-day conditions it no doubt would be of some intetrest to all concerned. In this connection, we would sincerely appreciate your comments or criticisms and any suggestions you might wish to send along.*

## Plan Your Work-Work Your Plan

We once knew an unusually successful Life Insurance Agency Director. He not only conducted an organization composed of about 12 specially trained salesmen, but his own personal production of business ranked among the national leaders in his field.

Naturally, there were many factors that were responsible for the success of his business. He had tremendous energy, he was constantly attending to business, he had imagination, perserverance, a high degree of good cheer and intense concentration for the immediate task at hand.

There are many organizations which also enjoy such leadership. However, when we asked him "How he did it," there seemed to be one point upon which he laid particular emphasis. **He was constantly on the lookout for a good idea.** When he got that idea, he worked out a campaign and he **stuck to it** until he had exhausted its possibilities. He acquired good ideas anywhere he could get them. Sometimes he found them in a business far removed from life insurance. If they were applicable to merchandising another product—why not his?

**People will buy if you show them "what the goods or service you offer will do for them." That was another of his cardinal principles. He believed there was a way to sell any product that had merit if you could get people to see the good they could do for themselves by their ownership of that product.**

Probably we in the securities business could learn something from the life insurance business. Both are intangibles and yet life insurance has developed a sales technique that even under today's conditions is piling up a sales record that, compared with the securities business, makes our feeble efforts appear rather insignificant.

During the next few weeks in this column, we are going to present some definite sales promotional campaigns specially designed for the securities business. Some of them may not be new to all our readers; nevertheless, we believe they will be practical in their approach to present day problems in the merchandising of investments.

Again may we emphasize—get a good plan. Get one of your own or borrow someone else's, but by all means, get it. Then pick your target — don't scatter your shot. Know where you are going and go ahead. There is business around, but first one must go after it in a definite, intelligent manner.

In conclusion, we think our life insurance friend had something when he said, "Show them what it will do for them." In other words, he always de-emphasized such things as values, dividends, settlement options and other technical rigamarole. Only one out of a hundred is interested in those things. But they are very much interested in a college education for their children, going fishing at 55, or the peace of mind in knowing that if anything happens, Mary and the kids will discover that "even if old Dad did have his faults, he had his good points too."

**Bonds and stocks properly selected will also provide that fishing income at 55 and a nest egg for emergencies. It is evident that from their annual sales volume, those life insurance fellows must have something after all.**

Next week we will suggest a specific sales campaign built around a timely subject now right in the forefront of public interest.

◆

## LA Exchange Institute Fall Term Courses

LOS ANGELES, CAL. — The Los Angeles Stock Exchange Institute, 618 South Spring Street, announces that the Fall Term will open the week of September 15th, with classes meeting from 5:15 to 6:30 p.m.

Courses to be offered are:

Brokerage Practice, under W. G. Paul of the Los Angeles Stock Exchange on Mondays, First meeting September 15th.

Stock Market Analysis, under Charles R. Hoffman, J. A. Hogle & Co., on Tuesdays, first meeting September 16th.

Stock & Bond Cashiering, under John S. Thomson and Associates, on Tuesdays, first meeting September 16th.

Brokerage Accounting, Part I, under L. A. Carman, John F. Forbes & Co., on Wednesdays, first meeting September 17th.

Corporation Finance, under George Bjurman, Bank of America, on Wednesdays, first meeting September 17th.

World History & Culture, under Mrs. Claire Seay, University of California Extension Division, on Thursdays, first meeting September 18th.

The World Today—details to be announced.

All classes are offered upon sufficient registration only. Visitors are welcome at the opening meeting of all classes when the courses will be fully explaned. Enrollment is open to the public upon sponsorship.

The Los Angeles Stock Exchange Institute is a non-profit organization, sponsored by the Los Angeles Stock Exchange to promote educational and personnel activities for the Financial District.

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◆

## More Active Interest, NASD Members Urged

Robert W. Baird, Chairman of the National Association of Securities Dealers, Inc., on Aug. 5 called on the Chicago investment banking fraternity to take a more active interest in the association, pointing out that if the association is not taken seriously somebody will get blamed for the consequences.

"I don't want the investment banker to get blamed again," Mr. Baird told a luncheon meeting of The Bond Club of Chicago at the Palmer House, according to Chicago "Journal of Commerce" of Aug. 6. According to the account in the paper indicated, which also said:

Mr. Baird, who also is President of The Wisconsin Company, Milwaukee, pictured the N.A.S.D. as "going very well," with its investigation work proceeding favorably in most districts. The association, he noted, is attempting to take over as much regulative area as possible, but is trying to do this with a minimum of investigation.

Among the principal needs for improving the investment banking business, Mr. Baird listed control over those entering the business, placing more responsibility on investment offices for what their salesmen do and insisting on capital commensurate with commitments.

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Australia and New Zealand
BANK OF
NEW SOUTH WALES
(ESTABLISHED 1817)
Paid-Up Capital £8,780,000
Reserve Fund 6,150,000
Reserve Liability of Prop. 8,780,000
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## Freezing Foreign Assets

Byfield & Co., 61 Broadway, New York City, Members New York Stock Exchange, have prepared a comprehensively study of "Freezing of Foreign Assets." The study contains salient information on the countries affected, types of transactions prohibited, general licenses, special licenses, reports and penalties.

Copies of the study which should be of interest to dealers may be obtained from the firm upon request.

## Roney In Syracuse

SYRACUSE, N. Y.—Robert E. Roney is engaging in a general securities business from offices at 332 South Warren Street.

# JOTTINGS

*(Continued from First Page)*

**cutting down civilian outlay and channelling cash into reservoirs available for investment in government securitiees, or whether they will take the opposite tack and discourage insurance as a form of savings which competes with the government's own savings programs. As these government savings programs are likely to blossom out from the present savings bond drive into various forms of forced loans, etc., the issue may become a very live one in a few months.**

The type of price ceilings to be announced to the textile industry this week by the Office of Price Administration for carded cotton yarns may give some important clues to future OPA price ceiling policy. In the previous textile price ceilings on combed yarns and on various types of gray goods, OPA has followed the theory of fixing "key prices" only, the idea being that other parts of a complicated price structure would "automatically" adjust themselves to these ceilings. This policy has also been followed in other industries, including scrap steel and hides, but so far has not worked out happily. Textile men say it would work all right in a "normal" market but not in a boom market like the present. OPA has also applied the theory vertically, in the sense of assuming that if prices were fixed at one or two steps in the conversion process from raw material to finished goods, prices at the other steps would "automatically" adjust. This week's carded yarn ceilings will tell whether the policy is to be continued.

One of the next major issues in the labor situation is the question of how far civil servants can be organized, and what right labor officials have to negotiate for civil servants, obtain exclusive bargaining privileges, call strikes or impose the closed shop. The strike threat in the New York transit system was recently put off with a reference to the Supreme Court, but the Mayor of Detroit, with expressions of extreme distaste, yielded to labor pressure in a jurisdictional dispute which threatened to tie up Detroit's municipal services, and municipal officers and civil service officials are keenly afraid of developments. A round-robin of opinions from the National Institute of Municipal Law Officers was recently published, and the National Civil Service Reform League has become actively interested in the question. Labor officials, on the other hand, anticipate that if government ownership, federal or local, spreads further, they will either gain or lose ground as the question is decided whether they can use their usual methods against public as well as private employers.

Although President Roosevelt denies that the British abuse their lease-lend position, the continually closet dovetailing of American and Empire economy is bound to raise possible points of friction in coming months which must be settled or severe criticism will result. The charge that the British were keeping their tankers and dry-cargo ships on money-making runs while getting ships from us on lend-lease seems to have been wholly cleared up. On the other hand three minor sources of possible trouble have recently popped up. It is charged in the tin trade that British tin producers in the East Indies are not living up to their agreement to produce up to 130 per cent of quota, i.e. to capacity for our stock-piling program. Again, the price of burlap has recently risen in Calcutta to the point where shipments to this country are impossible under the recent OPA price ceiling. And, third, Canadian mills are making textiles, and even shipping them here, from Brazilian cotton bought at prices below the current artificial level in this country. As these illustrations show however, the British cannot always be blamed for such things The Indian bazaars are not easily controlled from London, and Canada can hardly be blamed for buying cotton where it is cheapest.

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**Recent sharp rise of certain Cuban sugar securities seems amply justified by the strangely changed sugar outlook. Even at OPA'S new 3½-cent ceiling for duty-paid sugar, the Cubans are getting very cushy prices. The ceiling allows them 2.69 cents, which means about 2.10 cents after freight and bagging. A year ago they were getting around 2 cents, which after freight, etc., left only about 1.75 cents, and Cuban costs are generally figured round 1½ cents. Cuban companies don't come under our increasing corporation taxes, and shipping shortages are steadily tending to concentrate world purchases in the West Indies, while the Cubans seem to stand an excellent chance of getting a tariff reduction from the present 90 points down to 75.**

A really phenomenal change has taken place in the balance of trade between South America and this country in the last six months. The war cut off South America's European sources for many manufactured goods and forced the Latin countries to turn to us, with the result that their purchases here ran up smartly and they were hard put to it to get the necessary dollar exchange. In recent months, however, our heavy need for raw materials such as copper, manganese, wool, tin, etc., has sharply increased American purchases in South America and reversed the intercontinental balance of trade. Now the question is how we shall be able to supply South America with the automobiles, machine tools, and electrical equipment they want in view of the growing scarcity of these things in this country itself.

## 50,000 Pfd. Shares Of Jewel Tea Co. Offered

A syndicate headed by Lehman Brothers and Goldman, Sachs & Co. offered Sept. 10 an issue of 50,000 shares of 4¼% cumulative preferred stock, par value, $100. The offering price was $105 per share, plus accrued dividends from Sept. 15, 1941. The net proceeds will be used to finance the cost of certain additional production and warehousing facilities and sales outlets and for working capital.

# Investment Trusts

Simultaneously with last week's tabulation comparing the performance of investment companies with individual securities in the Dow Jones Industrial Average came a study from Bull Wheaton & Co., Inc. comparing the results of 44 investment trusts with the Dow Jones Composite Average, and showing really astonishing results.

Our tabulation showed that from the low of June, 1940 to the high of July, 1941, twenty leading open-end investment companies turned in an average performance of 31%, against an average performance of 29% for the 30 issues in the Dow Jones Industrial Average. Moreover, the poorest record of any of the twenty trusts was a gain of 19%, whereas the poorest record among the industrials was a gain of only 4%, and ten of the industrials had gains of less than 19%.

The tabulation by Bull Wheaton & Co. (who is the Distributing Agent for Republic Investors Fund, Inc.) shows that 40 out of 44 open-end and closed-end investment companies out-performed the Dow Jones Composite Average for the period from June 30, 1940 to June 30, 1941. The companies and figures used were those appearing in the "Investment Trust Gauge" and "Closed-End Investment Trust Results" published in "Barron's" magazine of July 14, 1941 and August 25, 1941, respectively.

Of the 44 companies, 40 did better than the Dow Jones Composite Average; 18 did more than twice as well as the Average; and 6 did more than three times as well as the Average. The gains made by the trusts ranged from 1.8% to 25.4%; the gain for the Average was 5.3%. All figures including those for the Average have been adjusted for dividends.

**These figures are cited to show once more what has been pointed out frequently in these columns in the past, namely, that the investment trusts are equipped to handle their shareholders' funds in a "better than average" fashion in the war-time markets. It is now that experience, knowledge, and full-time management can be utilized to the best advantage. Chance alone is not sufficient for the average investor.**

* * *

### Investment Company Briefs

During the month of August no issues were added to or eliminated from the holdings of Manhattan Bond Fund, portfolio revisions consisting of alterations in percentage weightings.

The Board of Directors has added to the list of bonds approved for purchase Baltimore and Ohio Railroad Company First Mortgage 4s, due July 1, 1948; Pittsburgh, Lake Erie and West Virginia Refunding Mortgage Stamped Extended 4s, due November 1, 1951 and Toledo-Cincinnati Division First & Refunding Series "A" 4s, due July 1, 1959. These bonds are all obligations of the Baltimore and Ohio system.

* * *

Hare's Ltd., distributor of Insurance Group Shares, reports that operating and balance sheet figures for the first six months are available, thus far, for about half of the fire insurance companies in which Insurance Group Shares provide ownership interest. Significant figures from these reports are shown below:

| | First Six Months | | |
|---|---|---|---|
| | 1940 | 1941 | % Change |
| Net Premiums Written | $ 54,251,000 | $ 64,451,000 | +18.8 |
| Average Loss and Expense Ratio | 95.0% | 93.3% | — 1.8 |
| Average Underwriting Profit Margin | 5.0% | 6.7% | +34.0 |
| Investment Income | $ 6,469,000 | $ 7,059,000 | + 9.1 |
| | June 30, 1940 | June 30, 1941 | |
| Unearned Premium Reserves | $122,802,000 | $130,567,000 | + 6.3 |

Many individuals who in the past have made just about enough to take care of their current living expenses are now accumulating money and have it available for some sort of investment. North American Securities Company, distributors of Commonwealth Investment Company shares, suggests that the following classes of people may be among these.

1. owners of small factories furnishing parts for large plants
2. retail merchants near defense plants and military camps
3. highly-skilled workmen in defense industries
4. suppliers of defense materials
5. young architects and engineers
6. small building contractors.

These new investors should be started soundly—and the investment scepticism of today may help—so as to avoid the reckless gambling type of security trading of the late twenties which put Wall Street in such ill favor. Good investment trusts shares are going to be one answer.

* * *

After a careful study of the pending tax bill, W. F. Shelley, editor of Massachusetts Distribu-

(Continued on Page 103)

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# The Municipal Market

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Cities issuing callable bonds to borrow money a few years ago when interest rates were high are profiting now because of low interest rates prevailing in the municipal bond market, the Municipal Finance Officers Association of the United States and Canada reported on Monday.

Interest rates on "municipals" have declined steadily since the first of the year, the Association said, and stood at 2.07 per cent in July and August—an all-time low.

This decline has allowed many cities to call in bond issues on which they paid as high as 5 per cent, and re-issue—or refund—them at much lower interest rates, the operation resulting in substantial savings.

**The Pontiac, Mich., refunding plan was cited by the Association as typical of callable bond refunding plans. Since Aug. 15, 1939, Pontiac has completed four refunding operations involving $2,945,000 in bonds which originally paid 4½ per cent interest. The new lower interest rates represent a total interest saving of more than $480,000. The bonds were made callable during the depression period after Pontiac had defaulted and readjusted its debt.**

In the first refunding, $750,000 in bonds were called in and re-issued on a 3.79 per cent interest-bearing basis at a saving of $56,395. The saving represents the difference between interest paid by the city under the lower rate and what would have been paid had the bonds been non-callable, requiring payment of the 4½ per cent interest until the stated maturity date.

The three subsequent refundings were as follows: Feb. 1, 1940, $945,000 in bonds were refunded at 3.20 per cent, saving $140,695; Aug. 1, 1940, $500,000 in bonds were refunded at 2.98 per cent, saving $80,898; Jan. 1, 1941, $750,000 in bonds were refunded at an average interest cost of 2.47 per cent, saving $202,897.

Another feature of the callable bond plan is that bonds can be called in under certain conditions and paid off entirely to stop payment of interest. To do this, of course, a city would have to build up a reserve fund which would enable it to buy back its bonds. Lincoln, Nebr., for example, plans to pay off in advance $1,000,000 of a $1,500,000 water extension bond issue on Jan. 1, 1942, through use of a special fund built up for this purpose.

Among the cities cited by the Association as refunding bond issues recently to take advantage of low interest rates are Detroit, which sold $51,157,000 in bonds at an average interest cost of 2.64, lowest in the city's history; Kansas City, which refunded a $11,000,000 water term bond issue to obtain interest rates of 1.89 and 1.84 per cent; and Oil City, Pa., which refunded $105,000 in 4¾ per cent bonds at .92 per cent.

## Elimination of Tax Exemption Still Pending

One assured result of the vastly enhanced tax bills to be presented to the public after Congress completes action will be to revive the controversy regarding the tax immunity of interest on state and city securities. Wall Street observers believe that another administration drive will develop to force action by Congress to eliminate such immunity on future issues through the simple statute demanded on several occasions by President Roosevelt. Meanwhile, the Treasury litigation to bring such income within its tax authority is expected to proceed through the courts in the ordinary manner.

The two-pronged drive of the Administration to effect this reform in its own chosen manner, rather than by means of the constitutional amendment favored by nearly all independent authorities, has made no progress to date. Congress remains extremely apathetic to the Presidential call for a simple statute, for state officials are almost unanimously opposed to Mr. Roosevelt's view. It is for this reason, observers here assume, that the Treasury has entered upon protracted litigation designed to establish its asserted right to tax all state and city issues, whether now outstanding or to be issued in the future.

*Interest exempt from all present Federal Income Taxation*

$1,000,000

The Sanitary District of Chicago

2¼% Construction Bonds

Due July 1, 1961

These Bonds are subject to call for payment by lot at the par value thereof and accrued interest on the date that they severally become optional or on any interest payment date thereafter upon 30 days' published notice. $50,000 are optional on January 1st of each of the years 1943, 1945, 1947, 1949, 1951, 1953, 1955, 1957, 1959; $55,000 are optional on January 1st of each of the years 1944, 1946, 1948, 1950, 1952, 1954, 1956, 1958, 1960 and 1961.

*These Bonds,* to be issued for construction purposes, in the opinion of counsel will constitute valid and legally binding obligations of the Sanitary District of Chicago, payable from ad valorem taxes to be levied against all the taxable property therein without limitation as to rate or amount.

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to optional date and coupon rate of 2¼% thereafter until redeemed

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Dated September 1, 1941. Interest payable July 1, 1942 and semi-annually, January 1 and July 1, thereafter. Principal and interest payable in Chicago, Illinois. Coupon bonds in the denomination of $1,000, registerable as to principal only. The information contained herein has been carefully compiled from sources considered reliable, and while not guaranteed as to completeness or accuracy, we believe it to be correct as of this date.

Sept. 6, 1941.

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**(Ed. note—The above statements are taken from George Wanders' article in Monday's issue of the New York "Herald Tribune.")**

## Municipal Exemption Importance Viewed

The increasing importance of the present tax exemption of municipal securities to the investor is emphasized in a preview of taxes which has been prepared in booklet form by the Arrowsmith Co., Inc., with an accompanying chart illustrating the percentage of taxable income paid in taxes in 1940 and likely in 1941. It is explained that since final Congressional action on the Revenue Act of 1941 has yet to be taken the figures shown are not necessarily precise but can be assumed to be minimum.

The aim of the study, the Arrowsmith Co. points out, is to inform individuals and corporations of the more important changes and increases in rates which might affect their investment policy.

## Municipal League Schedules Conference

The National Municipal League will hold its 47th annual Conference on Government in St. Louis, November 17, 18 and 19.

The announcement was made by Henry L. Shattuck, vice-president of the League and Boston civic leader, in the absence of League President John G. Winant, Ambassador to Great Britain.

This year the theme of the conference will be "Democracy At Work."

"For too long," said League Secretary Howard P. Jones, "we have been self-consciously asking ourselves if democracy will work.

"Democracy is at work right now in this country putting its own house in order to build morale as well as arms.

"At the conference we're going to discuss how the leading cities, counties and States are reorganizing their democratic structures to function more efficiently for the duration of the crisis and post-war reconstruction.

"We're going to hear how citizens in alert communities are taking hold of their local democratic machinery to strengthen it for the long fight.

"We will also learn from speakers in the Federal defense set-up how local and State government can help most effectively not only to increase arms production but to quicken the public sense of participation in a free society."

**Conference speakers will include men and women of national prominence in local, State and Federal government. Citizen leaders, public administrators and elective officials will attend from all parts of the country to participate in the conference which has come to be recognized as a national congress of civic leaders.**

## Cities Deny Power On Union Contracts

The power of any city to enter into contracts with labor unions and the right of city employes to strike to enforce such agreements are strongly denied in a survey made public last week by the National Institute of Municipal Law Officers. The report is founded on replies to questionnaires from all over the United States.

The attitude of Mayor La Guardia and President Roosevelt against collective bargaining and strikes in public employment are sustained by the report.

**Opinions of State Attorneys General, municipal law departments and court decisions, as well as individual answers from 385 City attorneys led to conclusions of the Institute as compiled by Charles S. Rhyne, executive director.**

"The recent strike in Detroit and the threatened strike in New York City's transit system have focused national attention on public-employee unions, and there seems to be nation-wide activity in this field at present on the Federal and State as well as the local level," the Institute states.

"Out of 385 municipal law officers to whom the questionnaire was forwarded, not one expressed an opinion that a collective bargaining agreement could be lawfully entered into by a municipality."

## Revenue Bonds Meet With Favor

The recent sale of the $4,000,000 Tacoma, Wash., light and power revenue bonds attracted the attention of the municipal fraternity in all sections of the country; emphasizing the demand now current for this type of obligation.

The close bidding and number of competing groups called attention to the relative scarcity of new municipal revenue issues, despite their widening use in recent years. The New Deal has contributed to the increasing application of that type of bond, payments on interest and principal of which are made from revenues of specific projects or services rather than from tax income.

Development of the Tennessee Valley Authority not only brought about considerable use of this type of financing by communities in its territory seeking to establish their own electric distributing systems, but also tended to accelerate the general movement toward public ownership of utilities. Also in recent years, the attempts of federal agencies to provide work for those on its relief rolls stimulated the installation of sewer systems, many of which were financed by revenue obligations.

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**The issuance of revenue bonds has a direct advantage for the borrowing municipality in that such obligations are not added to its legal debt and the city can thus avoid an impairment of its statutory borrowing margin. In many cases, cities have been able to obtain funds on a more advantageous basis through revenue bonds than through general obligations.**

Municipal experts are of the opinion that the use of revenue issues will increase further. An important piece of such financing in the offing is involved in the proposed move of San Francisco to purchase the power distribution facilities of Pacific Gas & Electric Company. A plan similar to the one now under consideration, involving a $55,000,000 revenue bond issue, was defeated by voters in 1939.

## La. Mail Poll on Bond Issue Successful

Governor Sam Jones announced last Friday the successful outcome of the mail ballot that was taken of Louisiana house and senate members on a proposal to issue $540,000 of bonds to maintain the department of finance, paying agent for many of the state's welfare and institutional undertakings. The move was necessitated by the fund shortage created by the invalidation of the reorganization act.

## Louisiana Spending Down

Compared with appropriations by the Louisiana legislature and board of liquidation of state debt, expenditures of the state in the last fiscal year showed economies of $4,172,160 in the form of treasury balances in 72 accounts. The department of finance, which made the report, said it transferred a balance of $600,158 of its $750,000 appropriation, and Gov. Sam H. Jones returned $200,000 of a $500,000 appropriation for emergency defense purposes.

## Bonded Debt in Kansas Lower

Kansas and its various governmental units trimmed $6,783,038 from their aggregate bonded debts the past year. The total remaining on June 30, the State Auditor's office reported, was $109,093,379, compared with a peak of $142,383,837 in 1934.

**Bonds, issued by cities and outstanding on June 30 totaled $45,089,699 — comprising the largest share of any class of units. School districts came next with $24,991,192 and counties followed with $17,150,565.**

The debt of the State Government was $14,520,000 all of it representing soldiers' bonus bonds.

## Philadelphia's Revenue Increased by Municipal Tax

Receipts from Philadelphia's 1½% tax on earned income, which for the first six months of 1941 showed a large increase over the same period in 1940,

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September 10, 1941

may rise to more than $18,000,000 by the end of the year, according to information from the Federation of Tax Administrators.

**The effect of two recent court decisions and growth of defense industries in the area will add to the city's gain from a tax that is unique among local governments in the country.**

Under the court decisions, handed down by the municipal and State Supreme courts respectively, the city can impose the tax upon wages of persons employed in the Philadelphia Navy Yard, operated by the Federal Government, and upon salaries of officers and employees of the Commonwealth of Pennsylvania who are stationed or reside in Philadelphia.

## Des Moines School Refunding Nears End

Eastern municipal circles were advised early this week that the Des Moines school debt refunding, handled by the Lehman Bros. syndicate, is nearing completion with some 85% of the $5,140,000 bonds already exchanged for new securities. The Des Moines refinancing is similar to that of Philadelphia in that the new bonds carry interest rates similar to the outstanding securities up to the redemption date of the latter and at smaller coupon rates thereafter.

## St. Louis Municipal Debt Reduced

The outstanding municipal debt of St. Louis was reduced by $3,688,000—from $72,252,000 to $68,564,000—during the fiscal year ending April 7, 1941, it was revealed recently with publication of the annual report of Comptroller Louis Nolte.

Reduction of the debt was accomplished by the purchase and retirement of $8,668,000 in bonds and the issuance of only $4,930,000 worth of additional bonds. This brought the net debt per capita to $81.94, as compared to $86.09 at the beginning of the fiscal year.

## Alberta Again Defaults

Increasing Alberta's total bond defaults since 1936 to $18,605-200, the provincial government defaulted on Sept. 2 on a $2,250,000 maturity that fell due the previous day. The maturity was a 6% issue sold in 1921 for general revenue purposes. The province will continue to offer to pay interest at one-half the coupon rate, officials said.

## Keen Bidding Displayed

The market for new municipal loans does not depend always upon the volume of offerings for an occasional highlight, and despite the scant supply of new material in this field of late, last Friday's bidding for a relatively small issue provided one of those instances. Demonstrative of the keen competition as well as the uniformity of opinion in appraising the market, two groups of bankers differed only 19 cents in their bids for an issue of $190,000 of Erie, Pa., funding and improvement bonds. The successful bid named a premium of $317.30, or 100.167, for 1¼s, while the second bidder named a premium of $317.11, or 100.1669, for the same coupon.

## New Bond Offering Volume Small

With new offerings of municipal bonds few and for relatively small amounts, present indications are that the September financing total in the tax exempt field will be unusually small.

Offerings have aggregated less than $4,000,000 both during last week and this week, and new issues announced in recent sessions indicates a limited supply for the remainder of the month.

Next week will bring along 19 issues of housing bonds aggregating nearly $5 million. But with that exception there are no sizable offerings scheduled either for next week or the following several days.

**In the meantime, the market continues steady and firm and dealers are finding a little more investment interest in their current offerings.**

## San Francisco-Oakland Bay Bridge

The "Bay Bridge" is an outstanding success. The passenger car toll has been cut progressively from 65 cents to 25 cents, while revenue has risen to the highest point in the almost five year history of the facility. Toll revenue (excluding that derived from traffic to Yerba Buena Island, the site of the 1939 and 1940 Expositions) in the twelve months ending July 31, 1941, was almost $5,200,000, an increase of 12½ per cent over the previous year. The passenger car toll was 25 cents during this last year, compared with an average of about 36 cents in the prior period. In the months of July only, 1941 vehicular toll revenue increased 11 per cent over 1940 before adjusting for Exposition traffic, and 29 per cent after. In both months the passenger car toll was 25 cents.

The interest requirement in the twelve months ending March 1, 1942, is $2,668,000 while the serial maturity at the end of the period amounts to $440,000. Under the Resolution authorizing the bonds, revenue must be maintained at a level 1.20 times debt service requirements. In the present fiscal year this would amount to $3,730,000. Revenue of $5,200,000 covers interest 1.95 times, total debt service 1.67 times, and covenanted revenue 1.39 times. No consideration is given above to non-operating revenue and certain expenses paid from revenue. In the fiscal year ending February 28, 1941, this revenue amounted to $1.04,235, while expense totaled $47,916. The net expenses paid by the State of California during this period amounted to $627,500.

**(The above information is taken from a recent brochure on "Pacific Coast Bridge Revenue Bonds," issued by Kaiser & Co. of San Francisco.)**

## N. J. Tax Set-up Schedule for Revision

Governor Charles Edison disclosed last week that an extensive investigation of the entire tax structure in New Jersey has been under way at his behest for several month. Recent enactment of the railroad tax compromise laws, which are about to receive a court test of their constitutionality, was only one result of the inquiry into the complicated State tax problem.

Earlier action was taken on the deferred railroad taxes, Governor Edison said, because that phase of the problem could be "carved out" of the whole tax muddle and the action would benefit thousand of taxpayers. Legislation, designed to cure other tax ills will be drawn up as rapidly as the inquiry can be completed on individual phases of the problem, he said. He expressed the hope that many reforms would be ready for the Legislature in January.

**The inquiry thus far has disclosed, he said, that "home owners are in the middle in a lot of things," that real estate taxes generally are out of balance and that a wholesale revamping of the State's tax structure must be effected. In working the reforms, he said, there must be certainty as to their legality and the measures must be embracive of sound business, equity and common sense. One of the first reform measures will be designed to give relief to the home owner.**

## Texas Legislators Consider Road Bond Assumption

Convening in special session on Tuesday, the Texas legislature resumed consideration of the highly controversial road bond subject on which the Senate and House were in disagreement when the regular session was adjourned. It will be the first special session in four years. Governor Coke Stevenson in issuing call expressed the belief that an agreement can be reached.

**Should State aid be withheld, virtually all of the taxing units would face the alternative of restoring ad valorem taxation or allowing their bonds to default.**

A statute which expired September 1, allotted one cent of the four-cent gasoline tax for principal and interest on road bonds issued prior to September 2, 1939. The statute authorized distribution of the surplus in this account to counties for several uses, including payment of debt on locally built roads not part of the State's network.

## $200,000,000 Arkansas Bonds To Burn

Secretary of Commerce Jesse L. Jones expects to visit Arkansas in December to participate in a ceremony for the burning of $200,000,000 of highway, bridge district and road bonds which have been redeemed or refunded.

As Federal Loan Administrator, Secretary Jones ordered the purchase of the State's $136,000,000 highway refunding issue offered early in 1941. Governor Homer M. Adkins will set the date of the bond burning when Secretary Jones has notified him of his travel plans.

Philadelphia is planning an offering next month of $14,100,000 refunding and water bonds, and the Los Angeles Department of Water and Power has had an offering of around $20 million in the discussion stage for a while. With those exceptions there are no important sales anticipated at present by municipal men.

Dealers look for a continuation of the firmer price tone unless some unexpected development in the foreign situation or a change in the tax plans in Washington upsets the market.

Still another instance in the same category was the award on Tuesday of Rockville Centre, N. Y., obligations. Fifteen banking accounts competed for the $225,000 of one to 20-year electric light system issue, and the price obtained by the municipality exceeded substantially that on an issue of about half the size and of shorter average maturity marketed a little more than a month ago.

## Pa. Turnpike Pays Bonds and Costs

Pennsylvania's super-highway has earned "more than enough" in eleven months of operation to meet its bond obligations and operation costs, Walter A. Jones, turnpike chairman, announced on Tuesday. The express toll road, Mr. Jones said in an answer to assertions of E. S. Shuck, president of the Central Pennsylvania Hotels Association, that the project was losing money, has earned more than $2,600,000 as of Aug. 31. He added that travel during Labor Day and the day following brought the total to more than $2,670,000, originally estimated as necessary to meet all costs.

**Bonds covering 55 per cent of the road's $70,050,000 costs were taken by the Reconstruction Finance Corporation. An outright grant by the Public Works Administration paid for the remainder.**

## Major Sales Scheduled

We list herewith the more important municipal offerings ($500,000 or over — short term issues excluded), which are to come up in the near future. The names of the successful bidder and the runner-up for the last previous issue sold are also appended.

### Sept. 11th (Today)

**$740,987 Utica, N. Y.**

Glore, Forgan & Co., and Schwabacher & Co., both of New York, bidding jointly, obtained the award of the bonds offered on May 1. The joint account of Graham, Parsons & Co., and Hemphill, Noyes & Co., both of New York, was runner-up.

### Sept. 12th

**$1,230,000 Cuyahoga Co., Ohio**

The county awarded bonds last March to a syndicate headed by Field, Richards & Co. of Cleveland, while Halsey, Stuart & Co., Inc., of Chicago, was second best.

### Sept. 15th

**$1,722,000 Rochester, N. Y. (notes and bonds)**

The last bond sale by the city took place in April, the award going to a syndicate headed by Lehman Bros. of New York. Second best bid was entered by Geo. B. Gibbons & Co., Inc. of New York, and associates.

### Sept. 16th

**$1,734,000 Osceola Co., Fla.**

No recent bond sales are on record for this county.

### Sept. 17th

**$4,767,000 USHA bonds**

This offering is made up of: $133,000 Alexandria, Va., $98,000 Decatur, Ga., $97,000 Fort Lauderdale, Fla., $97,000 Granite City, Ill.; $227,000 High Point, N. C., $227,000 Hammond, Ind., $82,000 Key West, Fla., $138,000 Kinston, N. C., $52,000 Lakeland, Fla., $389,000 Macon, Ga., $38,000 Madisonville, Ky., $277,000 New Bedford, Mass., $196,000 New Bern, N. C., $63,000 North Little Rock, Ark., $816,000 Peoria, Ill., $1,338,000 San Antonio, Texas, $21,000 Sarasota, Fla., $346,000 Springfield, Ill., and $132,000 Texarkana, Texas, housing bonds.

### Sept. 18th

**$723,000 Centralia, Ill.**

No recent bond sales have been negotiated by this city.

### Sept. 23rd

**$500,000 Prince George's Co., Md.**

Small bond issue was awarded in Oct. 1939 to Butcher & Sherrerd of Philadelphia. Next highest bidder was Halsey, Stuart & Co., Inc., while John Nuveen & Co. of Chicago, was third.

# WHISPERINGS

**David (Newburger, Loeb) Goldstein, real estate trader** has three acquaintances—young men —who recently went in business for themselves. They opened a ladies coat and suit place in Manhattan's garment center and were doing rather well. One morning while going over their incoming orders they were interrupted by a special delivery carrier who brought each one a notification to appear at the local draft board for physical examination. Downcast at this summons they wondered what would happen to the young but thriving business if all three were called for army duty, although they found some consolation in the belief that at least two of them might obtain a deferment. The next morning found them in the outer office of the examining physician waiting to be called. First one went in but in a few minutes came out with his face down to here. "What did he say?" asked the two partners. "What did he say!" exclaimed the young man. "He said I'm in A-1 tip-top shape. He never saw anybody in such good shape like me." The next young man went in and in the course of time also came out. He, too, was downcast. "The doctor" he explained disgustedly, "said that compared to me Wiessmuller was a cripple." The last partner was called in, worried that he, too, would pass the physical. After about ten minutes he came out beaming and hysterical with joy. "Look-look!!" he screamed joyfully poking himself in the chest. "Cancer-cancer!!!"

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**From-The News-Files**

The Norfolk, Virginia Police Chief laid a very clever trap for a gang of hold-up men who were expected to stick up one of the local business places. But there was a slip up and the gang escaped. Upon being asked by local newspaper men for the reason the chief plaintively replied: "Our squad car got there too late, we couldn't find a parking place."

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Edward Sorochin was driving in his car when it stalled on the railroad track. Seeing a train (B & O express) approaching, he jumped out. The car was completly demolished. But that wans't the end of the story. The Bayonne, N. J. police have charged him with leaving the scene of an accident.

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**A good deal of the Child's buying (from 7 to 8½) was done by Francis I. du Pont for the account of one of the largest merchants of novelty jewelery. . . Now they are sellers. . . . Same house for same account is now picking up Devoe & Reynolds. . . . Cantonement construction costs during World War 1 amounted to $216 a soldier . . . after investigation of nine camps it was discovered the average coat now is $702.41 per man. . . . Despite ballyhoo of reduction in number of autos produced it is estimated that during month of August industry accounted for 111,430 passenger cars as against 56,000 passenger cars in August, 1949. . . . City of Cleveland is replacing all metal manhole covers with wooden . . . too many of the metal ones have been stolen and sold for scrap. . . . Girls serving in the various British auxiliary services have to obey regulations regarding colors of lipstick chosen. . . . WRNS (Women's Royal Naval Service) must use red lipstick with no blue or brown undertones. . . . WATS (Women's Auxiliary Territorial Service) must use a warm or brownish red—no pink allowed. . . . WAAF (Women's Auxiliary Air Force) must use a soft red with more pink in it.**

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**Abe Strauss of Strauss Bros.**, was walking along Broad Street one afternoon when a panhandler approached him. "Mister" asked the man, "could you spare ten cents for a cup of coffee?" . . . "Ten cents?" repeated Abe questioningly, "since when is coffee a dime-coffee's a nickel." . . . "In that case" replied the panhandler, tipping his hat politely, "will you join me?"

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**Frank E. Mulligan, trader at G. A. Saxton & Co.**, was sitting in his office listening to the news broadcast on the radio when a neighbor from a few doors away popped in. "Hey, Frank!" asked the neighbor, "may I borrow your radio for an hour or so. I want to listen to the ball game." . . . "I'm sorry" replied Frank very gently, "I'm just going to shave." . . . "Going to shave?" asked the potential borrower, "what's that gotta do with the radio—you can't shave with a radio." . . . "You'd be surprised at what I can do with a radio" replied Frank; "when I don't want to lend it!"

## George Murdoch Going Out To Pacific Coast

DES MOINES, IOWA—George D. Murdoch, president of Murdoch, Dearth & White, Inc., Des Moines Building, will go to Los Angeles on October 1st where he will represent the firm's interests on the Pacific Coast. Mr. Murdoch will also become a member of the firm of Cavanaugh, Morgan & Co., 634 South Spring Street, Los Angeles, members of the Los Angeles Stock Exchange, but he will retain his interest in Murdoch, Dearth & White.

Robert H McCrary, manager of Murdoch-Dearth's municipal department since 1938 has been elected vice-president of the firm. No other changes in personnel are contemplated by the organization it was announced.

## SEC Applications For Broker-Dealer Registry

The following applications for registration as brokers and dealers have been made with the Securities and Exchange Commission on the dates indicated:

August 20, 1941—Clarence A. Cotton, Inc., 303 Turks Head Building, Providence, R. I., Anne W. Cotton, John F. Cotton, and Lillian M. Brady, officers — the business was formerly conducted as a sole proprietorship by Clarence A. Cotton.

August 23, 1941—D. Dudley Jaffin & Co., 192 Goldsmith Avenue, Newark, N. J., David Dudley Jaffin, sole proprietor; United Resources Corporation, 110 East 42nd Street, New York City. Horace S. Pope, Harrison Wright, and Lloyd W. Maxwell, officers.

August 25, 1941 — Charles N. Tripp Company, 601 American Bank Bldg., Portland, Oreg. Charles N. Tripp and Eloise F. Tripp as partners. Prescott W. Cookingham and Ralph N. Burgiss, formerly officers of the firm, having withdrawn.

August 30, 1941—Schwabach & Co., 67 Broad St., New York City, Eugene Richard Schwabach, Julius Schure, Meyer William Feingold, and Paul Perutz, partners.

# UP-TOWN AFTER 3

### *THE SCREEN*

**"Navy Blues" (Warner Bros.) with Ann Sheridan, Jack Oakie, Martha Raye and Jack Haley. Directed by Lloyd Bacon. Rating "BB."**

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The United States Navy is out chasing submarines and keeping sea lanes free from Nazi raiders. You can learn all this if you read the newspaper headlines. But in this picture the U. S. Navy is doing something else. It is having itself a time in that tropical island paradise, Hawaii. Of course the Navy takes a little time off from its dances, song fests and general fun, to engage in a little gunnery practice. It all starts out when a couple of gobs Jack Oakie and Jack Haley, get involved in a betting tangle about which ship can shoot better on the gunnery range. During the course of the plot both sailors run wild around the island though their headquarters (as that of the rest of the fleet) seems to be in a glorified night club that features a bevy of Powers and Conover models, Ann Sheridan as a singer, and Martha Raye as the cigaret girl. The kindest thing that can be said of "Navy Blues" is that the songs are catchy and the girls are eye-filling, but having said that, there is little left to add.

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**"Life Begins for Andy Hardy" (MGM) with Lewis Stone, Mickey Rooney, Judy Garland, Fay Holden and Ann Rutherford. Directed by George B. Seitz. Rating "BA."**

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The Hardy lad has grown up. He is now out of high school and out in the Big City looking for and finally landing a job. Of course his father, the judge, wants him to go to college but the young man insists on first having his fling. For some reason our Keepers of the Morals have decided that this picture is unfit for adolescent consumption. If it weren't for the fact that Hollywood doesn't court such publicity, we would be inclined to dismiss this as just another press agent stunt, but having seen it we can't for the world understand what there is in this latest of the Hardy series to shock anyone. True, in one scene the Judge advises young Rooney about the facts of life. And he doesn't do it via the birds and bees method. But he does it so well that parents who don't know how to approach this subject could do worse than see it for themselves; or better still send their offspring to see it.

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### *DINING & DANCING*

**"Ben Marden's Riviera"** unveiled its new review to a typical New York first night crowd, last Thursday night. The show consists of **Harry Richman, Phil Baker, Joan Merrill**, Gower & Jeanne, Carol King and a stage full of Chester Hale girls. The girls, all good lookers, do a kind of a dance routine but mostly strut around so everybody can get a chance to ooh and ah. Richman acts as m.c., and tells the usual gags. Naturally he sings, too, but the songs he rumbles out are the same old ones you have heard before. Still they are a nice background for private conversations. Phil Baker is as good in person as he was on the radio. Better. Despite the fact that this is his first night club appearance in years he hasn't lost his touch. His jokes are really funny and his songs amusing. His "Thank You Mr. Ickes" describing the adventures of a young swain and his girl who run out of gas after 7 and have to park until 7 next morning, will make you howl. The dance team of Gower & Jeanne is grand to see. They dance like they really enjoyed their work. Joan Merrill sings that tear jerker "Did He Ask For Me?" and other tunes well enough to get a big hand. There is another little dancer, Carol King, who does surprisingly well: She isn't a Pavlova but her infectious grin and little girl appearance makes her act an effective one. So much for the show.

A great deal of a first night audience gets its fun not so much from what is happening on the stage but from what is happening around them. So before I run out of space here are a few things that happened around us you might like to know about: **Paul (PM) Ross** sitting up on the rim with actress **Miriam Smith** eating—of all things—a sandwich. . . **Dick (N. Y. Post) Manson** placidly looking over the crowd. . . **Louis (Journal) Sobol** shell rimmed glasses and bald head without daughter Natalie. . . The **dancing Hartman's (Paul & Grace)** shaking hands with everybody. . . **Didy Codre** actress trying to teach French to **Phil Baker** (incidentally we danced once with Miss Codre. . . (P. S. we still can't dance). . . **Frank (World-Telegram) Farrell**. . . tall, dark and handsome with blonde **Jo Ann Sayers. . . Paul (Morning Telegraph) Martin** holding hands with **Carmen (Louisiana Purchase) D'Antonio**. . . she's that gorgeous dancer but off the stage she wears glasses. . . **Ethel Merman** looking frowzy. . . **Nick (Mirror) Kenny** lounging on a couch in the lobby telling about his new song hit. . . **Dan (N. Y. News) Walker** in a white jacket trying not to notice that people are pointing him out but making a bad job of it. . . Sorry no **Winchell** . . . anyway we didn't see him here.

## Investment Trust

(Continued from page 103

tors' "Brevits" reports that because of sharply higher tax rates, realizable losses will be more "valuable" this year than ever before. He also suggests that investors may find it worth while to examine their investment lists for opportunities to establish long-term capital losses.

It is announced also that "Brevits" intends "to publish an article on this subject of establishing losses for tax purposes shortly after the new tax bill becomes law. This article will explain the appropriate provisions and furnish examples of how tax savings may be effected."

## Defense Bond Sale Down

The Treasury Department announced on Sept. 4 that sales of defense savings bonds for August amounted to $265.606,000, the lowest monthly total since the program began on May 1. Total sales for the four months were $1,272.083,000. The August total compared with $349.818.000 bond sales in May, $314,527,000 in June and $342,132,000 in July, the Treasury says. The May and June totals differ from the figures we previously reported in the basis of Treasury announcements Secretary Morgenthau had announced on June 5 that May bonds sales aggregated $438,220,000 and the Department disclosed on July 3 that June sales had been only $268,965,000.

## Our Reporter On "Governments"

(Continued from Page 99)

tained on the "baby bond" sales. . . .

To put it bluntly, the defense bond sale so far has been a failure. . . . It is not raising the cash that should be raised from the public. . . .

It is not helping to cut down the public's excess buying power during this crucial period. . . .

It is not helping to bring home to the average American the need for paying for defense, for making a real effort to help the nation through this period of great stress. . . .

It is not relieving Morgenthau of the necessity of returning to the open market for cash later this year — and again creating bank credit at a time when inflation is so deep a threat. . . .

**These are harsh words but these are significant words, for:**

**(1) Either the defense bond sale is to be put over—and that means an entirely different setup in the Treasury Department. . . .**

**(2) Or Morgenthau must return once more to the nation's banks and insurance companies for the money to pay for defense. . . .**

### *Predictions*

To be specific about this, experts today believe that:

(1) For a little longer, Morgenthau will continue his present program of making this a "sale" rather than a "drive" or "campaign". . . .

(2) That will mean further cash borrowing in the open market through the issuance of taxable bonds later this year—perhaps this fall or in December. . . .

(3) After a few more months of this disappointing handling of the most important phase of the defense financing program, pressure probably will grow so strong that the Treasury will be forced to do something about making the sale a success. . . .

(4) That will mean an effort at payroll deduction plans or some very mild form of "forced savings". . . . The market will grow less important as a source for cash as this development takes place. . . .

(5) And while the first reaction to a more successful defense bond drive may be an advance in Government bond prices, the second reaction will be a decline in the market for there no longer will be so great a need for high bond prices and Washington authorities will not bother with maintaining interest rates at so low a level. . . .

Stability with minor reactions on news (such as increased reserve requirements). . . . Then a gradual recession in prices. . . .

### *Inside The Market*

Some refunding by Government agencies due soon, especially by the RFC. . . . Cash borrowing by RFC coming, too, indicating an opportunity for purchase of attractive short-term issues at par. . . .

Many big investors buying the December and March notes, with idea of "rolling over" the maturities as the refunding date approaches—and thus keeping cash invested with a minimum of risk. . . .

Excess reserves of New York City banks at $1,815,000,000, lowest level since December, 1938, and still reports circulate of a near-term boost in reserve requirements. . . .

Check of bond district reveals little confidence in market's continued stability during fall months. . . . Little trading going on as a result. . . . Mostly professional in-and-out dealings. . . .

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### To Be Dealer

(Special to The Financial Chronicle)

MIAMI, FLA.—J. R. Durrance will shortly engage in a securities business as an individual, dealing in municipal issues. Mr. Durrance was formerly proprietor of J. R. Durrance & Co. of Miami and prior thereto did business from New York City. He may be reached at present at 208 Alcazar Ave., Coral Gables, Fla.

### J. A. Browne Corp.

BURLINGTON, VT.—The John Adams Browne Corporation has been formed with offices at 86 Church Street, to deal in municipal securities, specializing in Vermont issues. John Adams Browne, formerly local manager for F. W. Horne & Co., Inc. of Hartford. is president of the new Corporation.

### Jones In Denver

(Special to The Financial Chronicle)

DENVER, COLO. — Albert G. Jones is conducting a general securities business here from offices in the E. & C. Building.

*This advertisement appears as a matter of record only and is under no circumstances to be construed as an offering of these securities for sale, or as a solicitation of an offer to buy any of such securities. The offering is made only by the Prospectus.*

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LEHMAN BROTHERS GOLDMAN, SACHS & CO.

*September 10, 1941*

## Tomorrow's Markets Walter Whyte Says——

(*Continued from page 99*)

on what action the market displayed.

* * *

People in board rooms (here in New York anyway) seemed much more concerned with how the Dodgers were doing in their pennant race than with international, national or any other kind of financial news. Of course the arm chair generals are having a field day. They know exactly how this war in the east is to be run.

* * *

But all this, while interesting has little to do with what stocks — particularly your stocks—are doing or may do. So instead of talking about markets as if they were a unit, or about averages, which nobody buys, we'll limit the rest of this column to a technical discussion of the stocks held in our list.

* * *

Anaconda Copper: Was recommended at 27 with a stop at 25. Stock has been as high as 30 in the recent past but currently is selling around 28. A long term indication shows a move to about 40 but it will run into heavy offerings just across 32. On the downside Anaconda has a near term stopping or support point at 27 although the much heavier resistance area begins at 25. However for our purposes the stop at 27 still applies.

* * *

Bendix: Bought at 37 with a stop at 34 is currently about 38-39. On the up side the stock has recently made a new high of 40 and in doing that indicates no nearby offerings of importance. Bendix is, of course, a typical defense beneficiary though in peace times the company doesn't exactly starve either. Technically the best support zone is 34-36. The stock could go down into that area without detracting anything from it's bullish picture.

* * *

N. Y. Shipbuilding: This is an old stock. It was recommended way back in the middle of last year at 15 and held since. In recent weeks it has reached 33 and dipped at least once under 30. Right now it's selling at about 32 and acting as well as any stock on the board. From a careful study of it's action the only reasonable conclusion I can arrive at is that the stock seems full of dynamite. It can go up considerably and by the same token, go down proportionately. It's a stock that needs constant watching. In any case protect yourself by keeping the stop at 26.

* * *

Savage Arms: This is another oldie. It was first recommended here at 17. Subsequently it ran up to the high 70's where it was split four for one. The new stock is currently about 20 or equivalent to about 80 on the old. We carry a stop of 14½ on the new stock but in view of it's comparitive wide swings that price may not hold. As a matter of fact 10-12 would be the better zone at which to expect solid support. So for trading purposes I suggest reducing present stop to just under 10.

* * *

Swift & Co.: Bought a few weeks ago between 24-25 has done little since. It's right up against some old 1940, 1939 and 1937 offerings that begin at 25. Stock may have to lay here for some time before these old offerings are absorbed. For trading purposes the stop at 23½ still applies.

* * *

Warner Bros.: Bought recently at 5 has only just gotten out of it's long rut where it has been for the past two years. In doing this it took large offerings at 4 but probably has to rest now before it can attempt the next hurdle, 7. But on any set back it should not go below 3¾. Western Union: Bought at 24; profits advised at 30 or better, a figure reached during last week. From 30 on stock will run into offering that may bring reaction to lower 20's.

More next Thursday.

—Walter Whyte

[*The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.*]

## High Grade Bond Suggestions

### Prime Rail Bonds for Investment; Suggested Switches from Utilities

It seems almost trite to express amazement at the continuing low yields offered by prime bonds. And yet the fact that the high grade bond market continues on its even course in the face of current domestic and international chaos can well be considered the most remarkable performance in the history of securities markets. Common stocks sell at two or three times current earnings; preferreds earning their dividends many time over are quoted only slightly above the value of the arrears they carry; and junior rail bonds yield up to 10% while the roads cover their charges five and six times.

Unusual as are these latter phenomena, there are tangible factors inherent in our war economy which can explain them—taxes, priorities and shortages, rising costs, price fixing and what not. The bond market is not so easy to explain. Reams have been written since 1936 prognosticating a deterioration of money rates and still the high grade market continues on its high plateau. Equally as much has been written in explanation of the intricate and esoteric workings of gold, credit, excess reserves and Federal fiscal operations which **keep** the bond market up. There still remains much to be explained; particularly so in view of the inflationary stream upon which we are already embarked, while prime bonds maintain their ceiling.

High or low, be the trend of money rates up or down, institutions and trustees, as their funds become available, must buy the best quality bonds the market affords. Thus, the only question to be answered is: What issues should be bought? Industrials? The dearth of seasoned industrials precludes a great deal of selection from this group. Utilities, the old standby? Prime utilities average about a 2.60 basis, they all sell substantially above their redemption prices and a good many are now refundable. But utility bonds have been practically the only corporate classification into which institutional funds have poured during the past several years; so the prospective buyer considers an offering of $100,000 Cleveland Electric 3s, 1970, on a 2.55 basis, selling a point and a quarter above the present call price.

**How about the rails? Certainly this buyer could better his return considerably with a rail issue, but this group is in distinct disfavor, so the utility bonds are bought on a 2.55 basis. Let's look into this high-grade rail situation and attempt to find out why the institution must take a 2.55% return instead of 3.00% which is available on a prime rail issue.**

One need but review briefly the 1937 bond market to perceive that during periods of high industrial activity, spreads between yields on prime utilities and best quality rails tend to disappear entirely. During the first eight months of 1937, average yields on high grade rails and utilities were practically identical. When the boom started to collapse, then there was a discernible spread between the two groups since rail traffic fell while power consumption continued at a high rate. According to tabulations compiled by Homer & Co., Inc., specialists in high grade bonds, the average yield on long high grade rails at the end of 1938 was

(*Continued on page 112*)

# 15 Reasons For Going To NSTA Convention

*(Continued from First Page)*

7. Gulf Coast Excursion (special for the ladies) . . . Delightful journey to the beautiful Mississippi Gulf Coast providing distinctive and unusual entertainment.

8. French Quarter Sight Seeing Tour . . . Experienced guides directing through the Vieux Carre, America's outstanding memorial of the Old World.

9. Mississippi River Boat Ride . . . An afternoon of sight seeing and frolic on the Father of All Waters.

10. New Orleans Foods . . . Famous the world over for their distinctiveness.

11. New Orleans Night Life . . . Informal, gay, rollicking entertainment from dusk to dawn.

12. New Orleans Atmosphere . . Abounding in gayety, friendliness and conviviality.

13. Field Day . . . A complete schedule of sports to meet everyone's desires.

14. Post-Convention Deep Sea Fishing Party . . . to be held in the Gulf of Mexico. (N. B. It is imperative that you notify Jack Kerrigan at Newman, Brown & Company in advance if you wish to enjoy this event in order that he can arrange for the proper amount of bait, tackle, boats, etc. Your cooperation will be very much appreciated).

15. Post-Convention Football Game . . . Boston College vs. Tulane. Last year's champions of the East meeting this year's outstanding prospect of the south.

A record crowd is expected—see the following list of advance registrations. The Convention Committee urges your cooperation in sending your registration in now if you have not already done so.

**(Through September 3, 1941)**

Thomas A. Akin, Akin-Lambar & Co., New Orleans, La.

Milton E. Allison, Ranson-Davidson Company, Inc., San Antonio, Texas.

Norman B. Baum, Selected Investments Co., Chicago, Ill.

Herbert H. Blizzard, Mrs. H. H. Blizzard, Herbert H. Blizzard & Co., Philadelphia, Pa.

Louis J. Bouche, White, Dunbar & Co., New Orleans, La.

F. P. Breckinridge, Whitney National Bank, New Orleans, La.

Wm. Perry Brown, Newman, Brown & Company, New Orleans, La.

H. Frank Burkholder, Equitable Securities Corp., New Orleans, La.

Errol E. Buckner, The National Bank of Commerce in New Orleans, N. O., La.

Laurence B. Carroll, Prescott, Wright, Snider Company, Kansas City, Missouri.

Robert Cass, Quincy Cass Associates Los Angeles, Calif.

John W. Clarke, John W. Clarke, Inc., Chicago, Ill.

Phillip J. Clark, Amos C. Sudler & Co., Denver, Colo.

John P. Corrigan & Co., Brown, Corrigan & Co., New Orleans, La.

John Dane, Mrs. John Dane, John Dane, New Orleans, La.

Joe H. Davis, First National Bank, Memphis, Tenn.

Joe E. Denham, First National Bank, Memphis, Tenn.

Chester E. de Willers, Schoonover, de Willers & Co., New York, N. Y.

Neil De Young, De Young, Larson & Tornga, Grand Rapids, Mich.

Ladd Dinkins, Louisiana Savings Bank & Trust Co., New Orleans, La.

Russell M. Dotts, Mrs. Russell M. Dotts, Bioren & Co., Philadelphia, Pa.

Leo J. Doyle, Mrs. Leo J. Doyle, Doyle, O'Connor & Co., Chicago, Ill.

Oscar B. Drinkard, Scott, Horner & Mason, Inc., Lynchburg, Va.

Jac. P. Ducournau, Jac. P. Ducournau, New Orleans, La.

W. H. Duff, Mrs. W. H. Duff, Duff & Phelps, Chicago, Ill.

T. J. Feibelman, T. J. Feibleman, New Orleans, La.

Mrs. Ora M. Ferguson, Merrill Lynch, Pierce, Fenner & Beane, Louisville, Ky.

Paul O. Frederick, Commerce Union Bank, Nashville, Tenn.

Firmin D. Fusz, Jr., Fusz-Schmelzle and Co., St. Louis, Mo.

R. Jerry Glas, Hyams, Glas & Carothers, New Orleans, La.

Chester M. Glass, Jr., Bankamerica Co., San Francisco, Calif.

F. Wesley Gleason, Jr., Wheeler & Woolfolk, New Orleans, La.

Thomas Graham, The Bankers Bond Co., Louisville, Ky.

Mark Zollar, Welch, Davis & Co., Chicago, Ill.

Wm. A. Grigsby, John Nuveen & Co., Chicago, Ill.

Charles W. Hahn, Scherck, Richter Company, St. Louis. Mo.

Miss Emma M. Hall, Commerce Trust Company, Kansas City, Mo.

Frank E. Haas, Rufus Waples & Co., Philadelphia, Pa.

Jack B. Hanauer, J. B. Hanauer & Co., Newark, N. J.

Ford T. Hardy, Merrill, Lynch, Pierce, Fenner & Beane, New Orleans. La.

Gilbert Hattier, Jr., White, Dunbar & Company, New Orleans, La.

Russ Hastings, H. Russel Hastings, Detroit, Mich.

Michael Heaney, Joseph McManus & Co., New York, N. Y.

J. C. Hecht, Butler, Huff and Co., Los Angeles, Calif.

Henry G. Isaacs, Guaranty Underwriters, Inc., Jacksonville, Fla.

J. Earle Jardine, Jr., William R. Staats Co., Los Angeles, Calif.

Roy W. Jordan, Gatch Bros., Jordan & McKinney, Inc., St. Louis, Mo.

Rudolph S. Juran, Juran & Moody, St. Paul, Minn.

Jack Kerrigan, Newman, Brown & Co., New Orleans, La.

Charles King, Charles King & Co., New York, N. Y.

Charles C. King, The Bankers Bond Co., Louisville, Ky.

Porter King, King, Mohr & Company, Mobile, Ala.

J. W. Kingsbury, Kingsbury & Alvis, New Orleans, La.

E. J. Knight, Wells-Dickey Co., Minneapolis, Minn.

Walter D. Kingston, Lamar, Kingston & Labouisse, New Orleans, La.

A. M. Leary, Barrow, Leary & Co., Shreveport, La.

Louis S. Lebenthal, Mrs. Louis S. Lebenthal, Lebenthal & Company, New York, N. Y.

Ed S. Lewis, Jr., Lewis & Co., Jackson, Miss.

Charles Lob, Weil & Co., Inc., New Orleans, La.

William N. Louque, American Bank & Trust Co., New Orleans, La.

J. S. Love, Jr., J. S. Love Company, Jackson, Miss.

B. F. Ludington, Watling Lerchen & Co., Detroit, Mich.

C. Laurence Macurda, Guaranty Underwriters, Inc. Miami, Fla.

Robert D. Mannix, Earl M. Scanlan & Co., Denver, Colo.

A. L. McDougal, Jr., Mrs. A. L. McDougal, McDougal & Condon, Inc., Chicago, Ill.

Joseph McManus, Joseph McManus & Co., New York, N. Y.

J. W. Means, Trust Company of Georgia Atlanta, Ga.

Frank P. Meyer, First of Michigan Corporation, Detroit, Mich.

Joseph P. Minetree, Merrill Lynch, Pierce, Fenner & Beane, New Orleans, La.

Don W. Miller, Mrs. Don W. Miller, McDonald, Moore & Hayes, Inc., Detroit, Mich.

R. Conover Miller, E. W. & R. C. Miller & Co., Philadelphia, Pa.

James F. Musson, Mrs. James F. Musson, B. J. Van Ingen & Co., New York, N. Y.

Leon Newman, Kohlmeyer, Newburger & Co.,

Cason Nichols, Nichols & Co., Nashville, Tenn.

R. H. Nichols, Nichols & Co., Nashville, Tenn.

Fred N. Ogden, New Orleans, La.

E. E. Parsons, Jr., Mrs. E. E. Parsons, Jr., Wm. J. Mericka & Co., Inc., Cleveland, Ohio.

Carr Payne, Cumberland Securities Corp., Nashville, Tenn.

Joseph G. Petersen, Eckhardt-Petersen & Co., Inc., St. Louis, Mo.

Herbert Pettey, Equitable Securities Corp., Nashville, Tenn.

Charles H. B. Phillips, Penington, Colket & Wisner, Philadelphia, Pa.

Thos. J. Phillips, W. H. Bell & Co., Inc., Philadelphia, Pa.

Clyde C. Pierce, Mrs. Clyde C. Pierce, Clyde C. Pierce Corporation, Jacksonville, Fla.

David A. Pincus, Mrs. David A. Pincus, Charles Clark & Co., New York, N. Y.

Alfred N. Plumley, First Natl. Bank & Trust Co., Minneapolis, Minn.

Henry J. Richter, Scherck, Richter Company, St. Louis, Missouri.

J. E. Roddy, Scharff & Jones, New Orleans, La.

Stanley L. Roggenburg, Roggenburg & Co., New York, N. Y.

Gerald B. Ryan, Peters, Writer & Christensen, Inc., Denver, Colo.

Walter F. Saunders, The Dominion Securities Corp., New York, N. Y.

Rudolph J. Schjott, Hyams, Glas & Carothers, New Orleans, La.

L. W. Schoonl, Mrs. L. W. Schoonl, King, Wulf & Co., Grand Rapids, Mich.

Forest Shipley, Quincy Cass Associates, Los Angeles, Calif.

Lawrence E. Shaugnessy, Park-Shaugnessy & Company, St. Paul, Minn.

A. Palmer Smith, Jr., Nusloch, Baudean & Smith, New Orleans, La.

Ludwell A. Strader, Scott, Horner & Mason, Inc., Lynchburg. Va.

Willis M. Summers, Hoit, Rose & Troster, New York, N. Y.

Leland Speed, Leland Speed Company, Jackson, Miss.

Oliver J. Troster, Hoit, Rose & Troster, New York N. Y.

Ernest C. Villere, St. Denis J. Villere & Co., New Orleans, La.

Edward H. Welch, McGuire, Welch & Co., Chicago, Ill.

Mac B. Wheeler, Wheeler & Woolfolk, Inc., New Orleans, La.

Jos. H. Weil, Weil & Arnold, New Orleans, La.

Walter Weil, Jr., Weil & Co., Inc., New Orleans, La.

B. Frank Williams, The National Bank of Commerce in N. O., New Orleans, La.

Robert R. Wolfe, Robert R. Wolfe, New Orleans, La.

David M. Wood, Thomson, Wood & Hoffman, New York, N. Y.

Robert M. Woolfolk, Woolfolk, Huggins & Shober, New Orleans, La.

H. F. Wulf, Mrs. H. F. Wulf, King, Wulf & Co., Grand Rapids, Mich.

Warren W. York, Mrs. Warren W. York, Warren W. York & Co., Allentown, Pa.

## Merrill Lynch Picnic

The annual outing of employees of the firm of Merrill Lynch, Pierce, Fenner & Beane, 70 Pine Street, New York City, will be held Saturday afternoon, September 13th, at Schmidt's Farm, Scarsdale, New York A feature will be a soft game between the firm's partners and the employees. This will be the first employees' picnic held since the consolidation of Merrill Lynch, E. A. Pierce & Cassatt and Fenner & Beane.

# CHRONICLE STORK DERBY

The Financial Chronicle is awarding a silver medal to the daddy of the National Security Traders Association who has the largest family of boys and/or girls and has sent in a picture of himself and them to our Contest Editor. Blessed events after August 31 (closing date of the Contest) not counted. We will run the photographs of the winners and runners-up in our Convention issue to be distributed at the NSTA Convention in New Orleans.

In case of a tie the daddies with top honors will be awarded duplicate medals.

We present below photographs of two entries recently received.

JOHN MARSHALL JONES *of John Marshall Jones & Co.*, Baltimore, and family.
Mr. and Mrs. Jones, Marshall, Helen, Shriver, Elizabeth, Gerald, Carbrey, Semmes, Mary Jeannette, and Ann Lewis.

Three of Mr. Jones' boys are now in the Army.

THOMAS J. LOVE *of Geo. E. Snyder & Co.*, Philadelphia, and family.
Elizabeth J., Fleurette T., Lorraine B. (twins) and Barbara A. (Betty's twin) Joan P., Thomas J., Helene D.

Mr. Love says he believes his are the only two sets of twins in one family in the NSTA.

## Foreign Bond Defaults

*(Continued from First Page)*

But now another program has been added, the report states, in the form of the financing of productive public works projects of modest size in certain countries to the south. This program would normally be financed by floating bonds through private bankers in the investment market, but "the investment market does not now take kindly to foreign bonds." The great official bank. says Mr. Pierson, is "bridging the gap until the foreign sections of the public investment market are able to function again."

Nothing is said by Mr. Pierson of the many and complicated reasons why our investment market is virtually closed to foreign flotations, after ten years in which the financial wreckage of the 1920's might well have been cleared away in large part. There is. however, no secret about that aspect of affairs. The facts disclose an amazing vacillation in the highest Administration circles, which prompted many of the Latin-American defaulters on dollar bonds to neglect service on their debts, even in periods when full or partial service was well within their capacity.

Hardly a day goes by without fresh evidence on this score. Indeed, Mr. Pierson by his own comments indicates plainly that the attitude of certain debtors is not to stand in the way of access by the defaulters to American capital. Within the last week that arch-defaulter, Mexico, virtually was promised additional accommodation by Secretary of the Treasury Henry Morgenthau, Jr., and it is rumored that Colombia and Ecuador also may receive "stabilization" loans. The record supplied by Mr. Pierson shows that Peru, which has made no attempt whatever to adjust its debts, has a $10,000,000 credit available at the Export-Import Bank.

It is a curiously mottled picture that the Latin-American loan field presents, as a consequence of the utter disregard in official Washington of some of the simplest fundamentals of finance and of human psychology. Argentina, with a high regard for its own pledges and its credit standing, bravely made the sacrifices necessary for maintenance of its integrity. Cuba, Haiti, Colombia, Panama and Uruguay remedied their defaults in part, reluctantly in some cases and willingly in others. Brazil, Chile, Peru and Bolivia are hardly to be classified as honest debtors, since absurdly small payments are made currently by the first two countries, and none whatever by the last two.

The inconvenience of debt payment is quite understandable, and the fact also is comprehensible that a debtor of the highest integrity may meet disaster and find necessary a plea for postponement or adjustment. But under the New Deal program of the "Good Neighbor," little was done to inculcate a sense of ultimate responsibility in Latin-America for debts honestly contracted. Instead, we have the amazing situation of fresh extensions, this time of public funds, when the debtors simply did not care to make provision for old debts.

Being alert people, the Latin-Americans have been quite as much puzzled by this tendency as have American investors. Many an American businessman, returning from a tour of the countries to the South, has remarked on the scornful view taken in many Latin-American circles of the United States. The colossus of the north seemed unwilling to attend to its most ordinary interests, and the feeling grew and in some cases has become ingrained that the United States was suffering an attack of bad conscience. This, the complacent bad debtors assumed, fully justified them in further disregard of their pledges.

But what of the American investors, many of them dependent upon income from small holdings? There are said to be more than 500,000 holders of foreign dollar bonds in the United States, and the figure would not appear to be an exaggeration; since such bonds are outstanding in the approximate amount of $5,500,000,000. They are not only forced to do without their income, from such sources, but are made willy-nilly to pay taxes toward vast extensions of official funds to the very debtors who have harmed them.

Early in its checkered career the New Deal paid a little heed to this problem. At the request of the Administration the Foreign Bondholders Protective Council was formed, along lines made familiar by the British equivalent, to negotiate debt settlements. That Council still functions, but it has had little support in the past from official Washington, and in recent months none whatever. This contrasts sharply and unfavorably with the practice in London, where the Council of Foreign Bondholders steadily and widely is aided by the British Government.

There are, clearly, ample room and many reasons for a better coordination and more skillful planning in this country on the matter of foreign bond defaults. Not the least important consequence of effective debt compositions would be a restoration of the credit of Latin-America, and a resumption of private enterprise and initiative in this sphere. The Export-Import Bank would not then need to undertake financing which, as Mr. Pierson notes, normally is done in the ordinary capital market. The Good Neighbor policy would progress far more smoothly and ably, and American investors might even receive income which would add to the taxes flowing into our Treasury coffers.

*This is an announcement and is not to be construed as an offer to sell or as a solicitation of an offer to buy the securities herein mentioned. The offering is made only by the Offering Circular.*

$1,260,000

Denver and Rio Grande Western Railroad Equipment Trust

2% Equipment Trust Certificates, Series I

(PHILADELPHIA PLAN)

To mature annually $126,000 on each November 1, 1942 to 1951, inclusive

***To be guaranteed unconditionally as to principal and dividends by the Trustees of The Denver and Rio Grande Western Railroad Company, but not as individuals, such guaranty to be binding on their successors and assigns.***

*These Certificates* are to be issued under an Agreement and Lease to be dated November 1, 1941, based on the Philadelphia Plan, and are to represent not more than 75% of the total cost of new standard-gauge railroad equipment consisting of 500 fifty-ton, 40½ foot box cars.

MATURITIES AND YIELDS

| | | | | | |
|---|---|---|---|---|---|
| 1942 | 0.40% | 1945 | 1.50% | 1949 | 2.25% |
| 1943 | 0.80 | 1946 | 1.75 | 1950 | 2.40 |
| 1944 | 1.20 | 1947 | 1.95 | 1951 | 2.50 |
| | | 1948 | 2.10 | | |

*Issuance and sale of these Certificates is subject to approval of the Interstate Commerce Commission and the District Court of the United States for the District of Colorado in which is pending the reorganization of The Denver and Rio Grande Western Railroad Company. The Offering Circular may be obtained in any State in which this announcement is circulated from only the undersigned and other registered dealers offering these securities in compliance with the securities law in such State.*

**HALSEY, STUART & CO. INC.**

To be dated November 1, 1941. Par value and semi-annual dividends (May 1 and November 1) payable in Philadelphia. Definitive Certificates in $1,000 denomination, registerable as to par value. Not redeemable prior to maturity. These Certificates are offered for delivery when, as, and if received by us. It is expected that Certificates in temporary or definitive form will be ready for delivery on or about November 5, 1941. The information contained herein has been carefully compiled from sources considered reliable, and while not guaranteed as to completeness or accuracy, we believe it to be correct as of this date.

September 12, 1941

## Our Reporters Report

*(Continued from First Page)*

**other operating unit in the Electric Power & Light Corporation group, the Arkansas Power & Light Company, is mentioned as a prospect.**

The company has outstanding an issue of $35,000,000 of first mortgage, originally first and refunding mortgage, 5 per cent due in 1956. The bonds are subject to call at 103¾ on forty-five days notice on the first day of any month until September 1, 1944, when the redemption price drops to 103.

**A sizeable banking group, headed by one of the major underwriters which will sponsor a group to bid on the forthcoming $95,000,000 American Telephone & Telegraph Company offering, is said to have done considerable groundwork with a view to going after the Arkansas situation.**

The bonds currently are moving within little more than a point of the call price, invariably an indication of the possibility of an early move for redemption.

**Republic Steel Revives**

Report around the Street has it that Republic Steel Corporation may soon undertake to do a bit of the refinancing which was in contemplation months ago. Initial plans called for an operation involving close to $100,000,000, but only a modest part of that program was completed.

**Now the story is that the company's bankers are sounding out the situation with a view to refinancing the $6,398,000 of first mortgage 4⅓s of the Gulf States Steel Corporation which Republic assumed at the time of the acquisition of Gulf States back in 1937.**

Until October 15 next this issue is subject to redemption at 104, with the call price then dropping to 103. Accordingly, since thirty days' notice is required, the company might be expected to make its intention known within the next week if immediate action is contemplated.

**A. T. & T. Issue Nearer**

Filing with the Securities and Exchange Commission yesterday of registration covering its proposed $90,000,000, issue of thirty-five years 2¾ per cent debentures, brings the huge American Telephone & Telegraph offering much nearer.

**Having asked the SEC to expedite registration procedure, the company evidently is prepared to call for bids immediately upon notice of clearance.**

Two large banking groups, one headed by Morgan Stanley & Co. Inc., and the other by Halsey, Stuart & Co. are prepared to make tenders. A third syndicate is talked of as a possibility which if it develops, probably will act in the nature of agent for a group of institutional investors.

**Two Stock Offerings Rapid**

That investors are around with available funds appeared clearly illustrated by the celerity with which two substantial stock offerings were snapped up yesterday.

**It required by a few hours to dispose of a block of preferred offered for the Jewel Tea Company, and another of common stock of the Northern Natural Gas Company, sold for the United Light & Railways Company.**

The Jewel Tea offering involved 50,000 shares of 4¼ per cent cumulative preferred stock, priced at 105, while the Northern Natural Gas common was priced at $32 a share. Books were closed on both offerings around midday in the wake of substantial oversubscription.

**Confusion Still Rules**

Perhaps after one or two more experiences the pieces will fall into place with some regularity. But for the present the Securities and Exchange Commission's "U-50 Rule", calling for the auction of utility company securities, continues to cause no little confusion in investment circles, particularly among smaller firms.

Outlying firms which, in the past, could count upon a more or less set participation in underwritings of the banking firms with which they worked, are now greatly perplexed.

The old routine is out and these firms must now do their own figuring in the hope of getting a participation. Over-pricing, of course, it is pointed out, would be disastrous since, with limited capital, such firms could not afford to commit themselves too extensively in advance.

## Aircraft Should Rise

Northrop Aircraft, Inc. offers an interesting speculation situation according to a circular just issued by Fewel, Marache & Co., 453 South Spring Street, Los Angeles, Calif., members of the Los Angeles Stock Exchange. The Northrop company is now emerging from its expansion program to a volume production basis and it is anticipated that earnings on the common stock within the next twelve months may be very attractive Copies of the circular will be sent by Fewel, Marache & Co. on request.

# Calendar of New Security Flotations

## OFFERINGS

**COMMONWEALTH TELEPHONE CORPORATION**

Commonwealth Telephone Corp. registered with SEC 16,071 shares $5 cumulative preferred stock, $100 par, and subscription receipts therefor to be issued pending authorization and delivery of the stock

**Address**—122 W. Washington Ave., Madison, Wis.

**Business**—Operating subsidiary of General Telephone Corp., furnishing telephone service in 113 communities and surrounding territories in Wisconsin

**Underwriting** — Underwriters are: Bonbright & Co., New York, Paine, Webber & Co., New York. Mitchum, Tully & Co., Los Angeles Wisconsin Co., Milwaukee

**Offering**—13,071 shares subject to Exchange Offer, under which the company (to Wisconsin holders) and the underwriters (to holders elsewhere) offer to holders of outstanding $6 preferred stock right to subscribe, on share for share basis, to the $5 preferred stock, at price to be supplied by amendment. Unsubscribed portion of such 13,071 shares, plus the remaining 3,000 shares of $5 preferred stock registered, will be offered to the public, at a price to be supplied by amendment

**Proceeds**—Will be used to redeem on Oct. 21, 1941, the 13,071 shares of outstanding $6 preferred stock, at $110 per share, or purchase thereof, balance to reimburse company's treasury for expenditures made in past for additions and betterments to its property

**Registration Statement** No. 2-4820 Form A-2. (8-25-41)

**JEWEL TEA COMPANY, INC.**

Jewel Tea Co., Inc., registered with SEC 50,000 shares Cumulative Preferred Stock, $100 par, dividend rate to be supplied by amendment

**Address** — Principal executive office — Jewel Park, Barrington, Ill. Statutory office: Woodbury, N. Y.

**Business**—Engaged primarily in retailing food products and of certain articles of personal and household use, through route business in direct-to-the-home sales, and also through food stores in the Chicago area

**Underwriters**—Lehman Brothers, Goldman, Sachs & Co. and associates

**Offered**—Sept. 10, 1941 at 105 per share

**Proceeds**—Net proceeds will be used to finance the cost of certain additional production and warehousing facilities and sales outlets, and for working capital

**Registration Statement** No. 2-4817. Form A-2. (8-21-41)

**Effective**—Sept. 9, 1941 4:45 p.m., E.S.T.

**NORTHERN NATURAL GAS COMPANY**

Northern Natural Gas Co. registered with SEC 355,250 shares common stock, $20 par

**Address** — Aquila Court Bldg., Omaha, Neb.

**Business**—Owns, operates and maintains a natural gas pipeline system of 2,783 miles in length, from Texas and Kansas fields to points in Nebraska, Iowa, Minnesota and South Dakota

**Underwriting** — Blyth & Co., Inc., is named principal underwriter; others to be named by amendment

**Offering**—The 355,250 shares are already issued and outstanding and are owned and held by United Light & Railways Co., which will receive all of the proceeds. Price $32 per share

**Registration Statement** No. 2-4871. Form A-2. (8-25-41)

**Effective** — Sept. 9, 1941 at 3:30 p.m., E.S.T.

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***Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing except in the case of the securities of certain foreign public authorities which normally become effective in seven days.***

***These dates, unless otherwise specified, are as of 4:30 P.M. Eastern Standard Time as per rule 930(b).***

***Offerings will rarely be made before the day following.***

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## SATURDAY, SEPT. 13

**MORGANTON FURNITURE COMPANY**

Morganton Furniture Co. registered with SEC 1,875 shares 6% cumulative preferred stock, $100 par, and 25,000 shares common stock, $2.50 par

**Address**—Morganton, N. C.

**Business**—Engaged in the manufacture of furniture

**Underwriters**—R. S. Dickson, Co., Inc., Charlotte, N. C., 1,075 shares preferred, 15,000 shares common; Stein Bros. & Boyce, Baltimore, 550 preferred, 7,500 shares common; Interstate Securities Corp., Charlotte, 250 preferred, 2,500 common

**Offering**—The preferred and common stock registered are to be offered to the public for the account of three selling stockholders who are to receive the proceeds from sale thereof. The preferred will be offered to the public a $102 per share, and the common stock at $17.75 per share

**Registration Statement** No. 2-4822 Form A-2. (8-25-41)

**Effective**—Sept. 9, 1941, 4:45 p.m. E.S.T.

## MONDAY, SEPT. 15

**TEXAMERICA OIL CORP.**

Texamerica Oil Corp. registered with SEC 119,891 shares common stock, $2 par.

**Address** — Milam Bldg., San Antonio, Tex.

**Business**—Engaged in production and marketing of crude oil, acquire mineral leasehold interests in producing or proven oil properties in Texas, drilling of oil wells thereon, acquire royalty interests in proven and developed oil properties.

**Underwriter**—Willard York Co., San Antonio, Tex., has agreed to purchase 44,750 shares at $1.75 per share and 74,157 shares at $2, from company.

**Offering**—118,907 shares to be offered to public at $2.375 per share; remaining 984 shares registered constitute shares issued July 1, 1941, by company, as dividends.

**Proceeds**—Will be used to pay outstanding mortgage indebtedness ($200,000), and remaining $26,626 will be added to working capital

**Registration Statement** No. 2-4824 Form A-1. (8-27-41)

## TUESDAY, SEPT. 16

**COMPOSITE BOND FUND, INC.**

Composite Bond Fund, Inc., registered with SEC 32,500 shares $1 par common stock.

**Address**—601 Riverside Ave., Spokane, Wash.

**Business** — Open-end investment trust, limited to investments in bonds.

**Underwriting**—Murphey, Favre & Co., Spokane, Wash., is underwriter and distributor, purchasing said shares at the net asset value then in effect for distribution to public at such net asset value plus 8½%.

**Offering**—To be offered to the public at the then prevailing market price.

**Proceeds**—Will be used for investment purposes.

**Registration Statement** No. 2-4825 Form A-1. (8-28-41)

## WEDNESDAY, SEPT. 17

**HOUSTON LIGHTING & POWER CO.**

Houston Lighting & Power Co. registered with SEC an indeterminate number of shares of its common stock, no par. (Company has outstanding 500,000 shares of common stock, of which 499,987 shares are held by its parent National Power & Light Co., which latter company also holds options to purchase the remaining 13 shares of outstanding common stock of company).

**Address**—900 Fannin St., Houston, Tex.

**Business**—Company is an operating public utility company principally engaged in generating, transmitting, distributing and selling electricity at retail and wholesale, serving 150 communities and an extensive rural area in Texas, including cities of Houston and Galveston.

**Underwriter**—None.

**Offering** — No public offering contemplated initially. Company is advised by National Power & Light, that that company has filed with SEC a declaration under the Holding Company Act contemplating, initially, the exchange of common stock of company which National Power & Light owns, for the $6 preferred stock of National Power & Light Co. and also contemplating that if, upon termination of such proposed exchange plan, National Power & Light still holds as much as 5% of common stock of company, it will dispose of such holdings as promptly as shall be practicable in light of then market and other conditions and with the best interests of its security holders in mind. After such disposition, company will have ceased to be either a subsidiary or an affiliate of National Power & Light Co. or Electric Bond & Share Co.

**Registration Statement** No. 2-4827 Form A-2. (8-29-41)

**MISSOURI UTILITIES CO.**

Missouri Utilities Co. registered with SEC $3,150,000 First Mortgage Series A 3½% bonds, due June 1, 1971; 14,000 shares 5% cumulative preferred stock, $100 par; and 125,000 shares common stock, $1 par.

**Address**—Cape Girardeau, Mo.

**Business**—Engaged principally in generation, transmission, distribution and sale of electricity, in 56 communities in Missouri and two in Arkansas. Company is a subsidiary of Community Power & Light Co.

**Underwriter**—The bonds are not to be sold to public; they are to be sold by company to Dillon, Read & Co. for 104¼, and in turn to be sold to Equitable Life Assurance Society of the U. S. for 104¾. Names of underwriters of the 5% preferred stock and the common stock registered, will be supplied by amendment.

**Offering**—The 14,000 shares 5% preferred and 125,000 shares common stock are to be issued under a reclassification of outstanding capital stock of company. Of the 5% preferred stock registered, 11,912 shares will be offered to public for account of company, and 2,088 shares will be offered to public for account of Community Power & Light Co. The 125,000 shares common stock will be sold to public for account of Community Power & Light Co.

**Proceeds**—To company from sale of the $3,150,000 of bonds and 11,912 shares of 5% preferred stock, will be used as follows: $2,811,200 to purchase for cancellation from Community Power & Light Co. that amount of company's outstanding Series A and D First Mortgage bonds; $1,111,385 to pay or purchase indebtedness owing by company to its parent and an affiliate, on open account and promissory notes; $420,000 to redeem company's outstanding 4,000 shares 7% preferred stock, $100 par, at 105 Balance of proceeds will be set aside for expenditure by company for property additions and improvements.

**Registration Statement** No. 2-4826 Form A-2. (8-29-41)

## TUESDAY, SEPT. 23

**BUFFALO FORGE COMPANY**

Buffalo Forge Co. registered with SEC 115,120 shares of common stock, $1 par

**Address**—490 Broadway, Buffalo, N. Y.

**Business**—Manufacture and sale of blowers and fans and equipment for use in fields of heating, ventilating, air conditioning and of removal of fumes and dust created in manufacturing operations; machine tools; and equipment employed in sugar factories and refineries and coffee and rice plantation machinery

**Underwriter**—Hornblower & Weeks, New York, is named principal underwriter; names of other underwriters to be furnished by amendment

**Offering**—Of the shares registered, 100,000 are issued and outstanding and are to be offered to the public for account of two selling stockholders; remaining 15,120 shares are to be offered for account of company. Offering price by amendment

**Purpose**—Net proceeds to company from sale of the 15,120 shares unissued common stock will be applied to reimburse its treasury for expenditure in Aug. 1941, of $246,058 in connection with purchase of outstanding 2,305 shares company's 7% preferred stock, $100 par, or to be used for other corporate purposes

**Registration Statement** No. 2-4828. Form A-2. (9-3-41)

**PUEBLO MINING COMPANY**

Pueblo Mining Co. registered with SEC 1,500,000 shares 1 Cent Par Value Assessable Common Stock

**Address**—Spokane, Wash.

**Business**—Mining

**Underwriter**—No underwriter named.

**Offering**—To be offered to public at 2 cents per share

**Proceeds**—Will be used for development, purchase of equipment, building, and working capital

**Registration Statement** No. 2-4829. Form AO-1. (9-3-41) (San Francisco)

## THURSDAY, SEPT. 25

**BLACK HILLS POWER & LIGHT CO.**

Black Hill Power & Light Co. registered with SEC $2,115,000 First Mortgage Bonds, Series A, due 1971; 9,400 shares 5% cumulative preferred stock, $100 par; and 100,000 shares common stock, $1 par.

**Address**—Rapid City, S. D.

**Business**—Incorporated in South Dakota on Aug. 27, 1941, for purpose of continuing business and operations of the Dakota Properties of General Public Utilities, Inc., and the business and operations of the Dakota Power Properties of the Dakota Power Co. Engaged in generation, transmission, distribution and sale of electricity, in 12 communities in western South Dakota, and various unincorporated communities and rural areas.

**Offering**—The bonds are to be sold to Dillon, Read & Co. at 103¼ and in turn will be resold by latter to Equitable Life Assurance Society of the U. S. at 103¾. The preferred stock and an undetermined number of shares of common stock are to be issued to General Public Utilities, Inc., in part payment for the so-called Dakota Power Properties to be acquired from that company and Dakota Power Co. The remaining shares of common stock, as well as the preferred and common stock to be received by General Public Utilities, Inc., will be offered to the public

**Proceeds**—To company from sale of the bonds and common stock will be used to pay General Public Utilities, Inc., and Dakota Power Co. the balance of the consideration for the properties to be acquired. Balance of net proceeds will be added to working capital.

**Registration Statement** No. 2-4832. Form A-2. (9-6-41)

**EDISON BROTHERS STORES, INC.**

Edison Brothers Stores, Inc., registered with the SEC 30,000 shares 5% cumulative convertible (until Sept. 15, 1950) preferred stock, $50 par; 66,666 shares of $2 par common stock, to be reserved for issuance upon conversion of the preferred; and Common Stock Scrip issuable in lieu of fractional shares of common stock upon conversion of the preferred stock

**Address**—710 N. Twelfth Blvd., St. Louis, Mo.

**Business**—Company and subsidiaries engaged in merchandising at retail through a chain of stores, women's dress shoes, sport and play shoes, hosiery and handbags, operating 152 retail stores located in 87 cities in 31 states and the District of Columbia

**Offering**—The preferred stock to be offered to public, at price to be supplied by amendment

**Underwriters**—All of St. Louis, Mo., unless otherwise noted, and number of shares underwritten, are as follows:

| | No. Shares |
|---|---|
| G. H. Walker & Co. | 9,700 |
| Bacon, Whipple & Co., Chicago | 6,000 |
| Bodell & Co., Inc., Providence | 3,000 |
| Francis, Bro. & Co. | 2,000 |
| Alex. Brown & Sons, Baltimore | 2,000 |
| Newhard, Cook & Co. | 1,000 |
| Stifel, Nicolaus & Co., Inc. | 1,000 |
| Stix & Co. | 1,000 |
| Courts & Co., Atlanta | 800 |
| Crago, Smith & Canavan | 500 |
| Reinholdt & Gardner | 500 |
| I. M. Simon & Co. | 500 |
| Stern Bros. & Co., Kansas City | 500 |
| Friedman, Brokaw & Samish | 500 |
| Edward D. Jones & Co. | 500 |
| Whitaker & Co. | 500 |

**Proceeds**—Will be used for general corporate purposes.

**Registration Statement** No. 2-4831. Form A-2. (9-6-41)

**SOUTHEASTERN INDIANA POWER CO.**

Southeastern Indiana Power Co. registered with SEC 2,000 shares 6% cumulative preferred stock, $100 par

**Address**—Rushville, Ind.

**Business**—A public utility company engaged in transmitting, distributing and selling electricity in southeastern Indiana

**Offering** — The preferred stock will be offered to public at a price to be supplied by amendment

**Underwriter**—Central Republic Co., Inc., Chicago, is sole underwriter

**Proceeds**—From sale of the 2,000 shares preferred stock, together with aggregate of $1,152,280 to be received by company from sale of other securities ($650,000 4% first mortgage bonds to an insurance company, $350,000 Serial Guaranteed Debentures to a bank and an insurance company, and 12,500 shares $10 par common stock) are to be applied by company to acquire all the outstanding capital stock and funded indebtedness of Hoosier Public Utility Co. and for other corporate purposes

**Registration Statement** No. 2-4830. Form A-2 (9-6-41)

## SUNDAY, SEPT. 28

**GULF POWER COMPANY**

Gulf Power Co. registered with SEC $5,600,000 First Mortgage Bonds, due Sept. 1, 1971. Interest rate will be supplied by amendment

**Address**—8-10 N. Palafox St., Pensacola, Fla.

**Business** — An operating subsidiary of Commonwealth & Southern Corp., engaged in northwestern portion of Florida in purchase and sale of electricity and gas

**Offering and Underwriting** — The bonds will be sold to public at price to be supplied by amendment. Bonds will be sold under competitive bidding rule of SEC Names of underwriters by amendment

**Proceeds**—From sale of the bonds, together with $250,000 in cash to be received from Commonwealth & Southern Corp., will be applied as follows: redemption at 103½ of $2,500,000 5% First and Refunding Mortgage bonds, due 1968; redemption of so much of the $3,100,000 of 4% First and Refunding Mortgage bonds as may have been issued to the RFC; and balance to be used for additions and improvements to company's electric utility plant.

**Registration Statement** No. 2-4833. Form A-2. (9-8-41)

**MISSISSIPPI POWER COMPANY**

Mississippi Power Co. registered with SEC $8,927,000 First Mortgage Bonds, due Sept. 1, 1971. Interest rate to be supplied by amendment

**Address**—2500 14th St., Gulfport, Miss.

**Business**—A subsidiary of Commonwealth & Southern Corp. this company is engaged within the southeastern portion of Mississippi, in the generation, purchase, distribution and sale of electricity at retail in 135 communities, rural areas, and sale at wholesale of electricity to 6 rural cooperative associations

**Offering and Underwriting**—The bonds will be offered to the public at a price to be supplied by amendment. The bonds will be sold under the SEC's competitive bidding rule, with underwriters to be supplied by amendment

**Proceeds**—From sale of the bonds, together with $250,000 in cash to be received from Commonwealth & Southern Corp., parent company, will be used (a) to redeem $6,177,500 of 1st & Ref. Mtge. 5s, 1955, at 103½ and accrued interest, (b) redemption of so much of the $2,750,000 of 1st & Ref. Mtge. 4s of 1951 as may have been issued to the RFC, at 100 and accrued interest, and (c) to construction of additions and improvements to company's electric plant.

**Registration Statement** No. 2-4834. Form A-2. (9-8-41)

## DATES OF OFFERING UNDETERMINED

**We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.**

**AERONCA AIRCRAFT CORPORATION**

Aeronca Aircraft Corp. registered SEC 30,000 shares of $1 cumulative convertible preferred stock, $15 par; 140,000 shares $1 par common stock; and 65,000 Stock Purchase Warrants

**Address**—Middletown Municipal Airport, Middletown, Ohio

**Business** — Design, development, manufacture sale and servicing of particular type of light airplanes, known as "Aeronca" planes, designed for commercial use

**Underwriters** — Bond & Goodwin, Inc., New York; Craigmyle, Rogers & Co., New York; and Whitney-Phoenix Co., Inc., New York, are underwriters for the preferred stock

**Offering** — The 30,000 shares preferred stock will be offered to public at $15 per share; underwriting commission is $2.25 per share. Of the common stock registered, 75,000 shares are reserved for issuance upon conversion of the preferred stock, and 65,000 shares are reserved for issuance upon exercise of the Warrants. Of the Warrants registered, 45,000 are to be exchanged by company with holders of a like amount of presently outstanding warrants, and the remaining 20,000 Warrants will be sold by company to underwriters at price of 10 cents per Warrant. Such Warrants give holders right to purchase one share of common stock for each warrant, at prices ranging from $7 per share to $10 per share, with the warrants expiring Dec. 31, 1945

**Proceeds**—Net proceeds will be used to pay off outstanding indebtedness, for working capital purchase of equipment and machinery plant expansion

**Registration Statement** No. 2-4789 Form A-2. (6-27-41) Cleveland Ohio

**Effective**—11:30 A.M., E.S.T. August 15 as of 4:45 P.M., E.S.T., July 16, 1941

**AIRPLANE MANUFACTURING & SUPPLY CORP.**

Airplane Manufacturing & Supply Corp., registered with SEC 69,000 shares common stock, $1 par

**Address**—Lockheed Air Terminal, Burbank, Cal.

**Business**—Purchase, service and sale of airplane equipment

**Underwriters**—G. Brashears & Co., Los Angeles, Cal.

**Offering**—The number of shares to be offered by the underwriter consists of the 69,800 shares currently registered with SEC, and 16,433 shares previously registered with the SEC. Such aggregate of 86,233 shares are already issued and outstanding and are to be offered to public for account of certain selling shareholders, to be offered to public at arbitrary prices to be determined by underwriter from time to time with regard to existing circumstances. Such offering price will not exceed 125% not be less than 110% of the highest bid price during the day of sale. Underwriting commission on the 86,233 shares of 25 cents per share

**Proceeds** will accrue to the selling stockholders

**Registration Statement** No. 2-4807. Form A-1. Filed (7-31-41) (San Francisco)

**AMERICAN BAKERIES CO.**

American Bakeries Co. registered 15,000 shares Class B no par common stock

**Address**—No. 520 Ten Pryor St. Bldg., Atlanta, Ga.

**Business**—Manufacturing and distributing bakery products in souther states

**Underwriter**—None named

**Offering**—Stock will be offered to public at price to be filed by amendment

**Proceeds**—All proceeds will be received by L. A. Cushman, Jr., chairman of board of company, for whose account the stock will be sold

**Registration Statement** No. 2-4714. Form A-2. (3-28-41)

**AUTOMATIC TELEPHONE DIALER, INC.**

Automatic Telephone Dialer, Inc. registered 75,000 shares of common stock, no par

**Address**—1201 East Grand Street, Elizabeth, N. J.

**Business** — Development of automatic telephone dialing devices

**Underwriter**—None. Stock will be sold through registered brokers and dealers

**Offering**—Public offering price, $3 per share, underwriting commission 75 cents per share.

**Proceeds**—For engineering and development expenses and working capital

**Registration Statement** No. 2-4752. Form A-1. (5-5-41)

**Effective** but apparently deficient 4:45 P.M., E.S.T., May 24, 1941

**BEACON ASSOCIATES, INC.**

Beacon Associates, Inc. registered SEC $500,000 6% Participating Sinking Fund Debentures, due July 1, 1971

Beacon Associates, Inc. interest rate on $500,000 Participating Sinking Fund Series A Debentures, due July 1, 1971, changed from 6% to 6½% per annum, according to amendment filed with SEC July 21, 1941

**Address**—216 Turks Head Bldg., Providence, R. I.

**Business**—Engaged in the small loan business in Rhode Island and Massachusetts

**Offering**—The Debentures will be offered to the public at 100 by F. L. Putnam & Co., Inc., Boston; underwriting commission is 15%, leaving net price to company of 85

**Underwriter**—F. L. Putnam & Co., Inc., Boston

**Proceeds**—Will be advanced to subsidiary for their working capital or will be used for payment of debt incurred on providing funds for advances to subsidiaries

**Registration Statement** No. 2-4790. Form A-2. (6-27-41)

**Effective**—3:00 P.M. E.S.T., August 22, as of July 17, 1941

**BEAR MINING AND MILLNG COMPANY**

Bear Mining and Milling Co. registered 153,145 shares of common stock, $1 par

**Address** — 513 Majestic Bldg., Denver, Colo.

**Business**—Mining and milling

**Underwriter**—None

**Offering**—Stock will be offered publicly at $1 per share, selling commission, 35%

**Proceeds** — For development equipment and operation mining property near Breckenridge, Colo.

**Registration Statement** No. 2-4571. Form A-1. (11-12-40)

**BONWIT TELLER, INC.**

Bonwit Teller, Inc. registered 39,334 shares of 5½% cumulative convertible preferred stock, $50 par, and 131,202 shares of common stock, $1 par

**Address**—721 Fifth Avenue, New York City

**Business**—Operation of specialty store in New York City

**Underwriters**—To be filed by amendment

**Offering Terms** — Preferred and common will be publicly offered at prices to

## Calendar of New Security Flotations

be filed by amendment, except that 106,202 common shares will be reserved for conversion of preferred

**Proceeds**—Stock will be sold by Atlas Corp. and the American Co., parents, and no proceeds will be received by the company

**Registration Statement** No. 2-4748. Form A-2. (4-30-41)

**BULLION, INC.**

Bullion, Inc., registered 110,000 shares of $1 par 8% non-cumulative preferred stock and 110,000 shares of common stock ten cent par

**Address**—1st Nat'l Bank Bldg., Deadwood, South Dakota

**Business**—Gold mining

**Underwriter**—None

**Offering**—Preferred will be offered at $1 per share, and common at 10 cents per share

**Proceeds**—For development of mining properties, purchase of machinery and equipment, and working capital

**Registration Statement** No. 2-4763. Form A-O-1 (5-20-41)

**COLUMBIA GAS & ELECTRIC CORP.**

Columbia Gas & Electric Corp. registered $28,000,000 serial debentures, due 1942 to 1951, and $92,000,000 sinking fund debentures due 1961

**Address**—61 Broadway, N. Y. C.

**Business**—Public utility holding company

**Offering**—Both issues will be publicly offered at prices to filed by amendment

**Proceeds**—To redeem $50,000,000 Deb 5s 1952; $4,750,700 Deb. 5s, due April 15 1952; $50,000,000 Deb. 5s, 1961; to purchase $3,750,000 4% guaranteed serial notes due 1942-46 of Ohio Fuel Gas Co. a subsidiary, and $3,750,000 guaranteed serial notes of United Fuel Gas Co., a subsidiary, from the holders thereof; and to make a $3,402,090 capital contribution to Cinn., Newport & Covington Ry Co. to enable that Company to redeem its outstanding $3,303,000 1st & Ref. 6s, 1947

**Registration Statement** No. 2-4736. Form A-2. (4-10-41)

**KENSINGTON MINES, INC.**

Kensington Mines, Inc. has filed a registration statement covering 565,000 shares of $1 par 6 per cent cumulative preferred stock and the same number of shares of 1 cent par common 35,000 shares of $1 par 6 per cent cumulative preferred shares previously sold to promoters at $1 and 1,320,000 shares of 1 cent common previously sold to promoters at 2.6 cents a share

**Address**—Seattle, Washington

**Business**—Mining and Milling

**Proceeds** — For property, construction development and working capital

**Underwriters**—Kressly and Campbell

**Registration Statement** No. 2-4697. Form A-1. (3-21-41)

**Effective**—4:45 P.M., E.S.T., April 9 1941

**KIRKLAND GOLD RAND, LTD**

Kirkland Gold Rand, Ltd., registered with SEC, under refiling, 500,000 shares common stock $1 par

**Address**—360 St. James St., West, Montreal, Quebec, Canada

**Business**—Engaged in development, acquiring, holding, selling and operating gold, silver and other mineral mines Company is still in the development stage

**Underwriters**—To be named by amendment

**Offering**—Above shares to be offered to public at $1.25 per share; underwriting commission is 43¾ cents per share

**Proceeds**—For development, purchase of equipment and working capital

**Registration Statement** No. 2-4727. Form A-1. Refiled (6-16-41)

**LA CROSSE TELEPHONE CORP.**

La Crosse Telephone Corp. registered 32,080 shares of common stock, $10 par

**Address**—La Crosse, Wisconsin

**Business**—Telephone service to La Crosse Wis.

**Underwriter**—Alex. Brown & Sons

**Offering**—All stock registered will be publicly offered at price to be filed by amendment, except that 2,406 shares will be sold to Central Electric & Telephone Co.

**Proceeds**—Stock registered is owned by parent company, Middle Western Telephone Co., which will donate a portion to La Crosse Telephone Corp. and latter will use proceeds to retire outstanding preferred stock

**Registration Statement** No. 2-4717. Form A-2. (3-29-41)

**LUKENS STEEL CO.**

Lukens Steel Co. registered with SEC 175,000 shares (estimated) common stock $10 par

**Address**—First Ave., Coatesville, Pa.

**Business**—Company is a non-integrated steel producer, and its principal business is manufacture of carbon and alloy hot rolled steel plates

**Underwriters** — Pistell, Wright & Co. Ltd., New York, named principal underwriter; others to be named by amendment

**Offering**—The 175,000 shares are already issued and outstanding and are to be offered to public for account of certain stockholders

**Proceeds** — Will accrue to the selling stockholders

**Registration Statement** No. 2-4799. Form A-2. (7-25-41)

**MOORE-McCORMACK LINES, INC.**

Moore-McCormack Lines, Inc. registered 30,000 shares of $5 cumulative convertible preferred stock, $100 par, and 235,000 shares of common, $1 par

**Address**—5 Broadway, New York City

**Business**—Operation of vessels in South American trade

**Underwriters**—E. H. Rollins & Sons Incorporated and Schroder Rockefeller & Co., Inc.

**Offering**—The preferred and 85,000 common shares will be offered publicly at prices to be filed by amendment. 150,000 common shares will be reserved for conversion of the preferred

The proposed offering will represent about 17% of the outstanding common stock of Moore-McCormack Lines and approximately 55% of preferred stock. Albert V. Moore, president, and Emmet J. McCormack, vice president and treasurer—officers and directors associated with the company since its incorporation in 1927, retain together about 72% of the common stock, or 36% each. On Dec. 31, 1940, they sold to Kuhn, Loeb & Co., Beavan Corp. and Schroder Rockefeller & Co., Inc., 30,000 shares of $5 no par preferred stock and 2,150 shares of no par common which have since been converted into 30,000 shares of $100 par preferred and 107,500 shares of $1 par common. It is understood that Kuhn, Loeb & Co. are retaining 22,500 of such common shares as an investment

**Proceeds**—None of the proceeds will be received by the company

**Registration Statement** No. 2-4715. Form A-2 (3-29-41)

**NORTHERN NATURAL GAS CO.**

Northern Natural Gas Co. registered 710,500 shares of common stock, $20 par

**Address** — Aquila Court Bldg., Omaha, Nebraska

**Business**—Production and transmission of natural gas

**Underwriter**—Blyth & Co., and others to be named by amendment

**Offering**—Stock will be publicly offered at price to be filed by amendment

**Proceeds**—All proceeds will be received by selling stockholders, United Light & Railways Co., and North American Light and Power Co.

**Registration Statement** No. 2-4741. Form A-2. (4-21-41)

Northern Natural Gas Co. filed an amendment to its registration statement with the SEC, disclosing that the number of shares of its $20 par value common stock proposed to be offered to the public has been reduced from 710,500 shares to 355,250 shares. According to the amendment, such 355,250 shares are those that are presently owned, and outstanding, by North American Light & Power Co., and are to be offered to public for the account of American Light & Power Co.

The 355,250 additional shares orginally registered with the SEC on April 21, 1941, for public offering, but now withdrawn from registration, constitute the shares outstanding and owned by United Light & Railways Co., a subsidiary of United Light & Power Co.

**SENECA FALLS MACHINE CO.**

Seneca Falls Machine Co. registered with SEC 225,000 shares common stock, $1 par

**Address**—314 Fall St., Senca Falls, N. Y.

**Business**—Manufacture and sale of machine tools, principally automatic and semi-automatic lathes

**Underwriters**—Brown, Schlessman, Owen & Co., Denver, Colo., has underwritten all of the 225,000 shares, at $4 per share, and has advised company that it proposes to sell to Burr & Co., New York, a 50% participation in said 225,000 shares, at the underwriters' price of $4 per share

**Offering**—The 225,000 shares will be offered to the public at $5 per share

**Proceeds**—The entire net proceeds will accrue to certain selling stockholders, who are selling such shares, already issued and outstanding, to the underwriter

**Registration Statement** No. 2-4806. Form A-2. Filed (7-31-41)

**SHAWNEE CHILES SYNDICATE**

Shawnee Chiles Syndicate registered 9,970 shares of common stock, $10 par

**Address** — 320 Denham Bldg., Denver, Colo.

**Business**—Development of oil and gas properties

**Underwriter**—None

**Offering**—4,985 shares are to be presently offered at $10 per share, and balance will be held reserved for options given to purchasers of the 4,985 shares, for purchase of additional shares at $10 per share

**Proceeds**—For drilling and development of oil and gas properties

**Registration Statement** No. 2-4753. Form A-1. (5-5-41)

**Effective** but apparently deficient 4:45 P.M., E.S.T., May 24, 1941

**SNAP-ON TOOL CORPORATION**

Snap-On Tools Corp. registered with SEC 41,439 shares $1 par common stock

**Address**—8028 28th Ave., Kenosha, Wis.

**Business** — Manufacture, purchase and sale of mechanics' hand tools and associated equipment and equipment type tools designed for use for production, maintenance and repair of mechanical apparatus

**Underwriter**—Paul H. Davis & Co., Chicago

**Offering**—To be offered to public, at price to be supplied by amendment. Price to underwriter is $11.50 per share, subject to adjustment under certain conditions

**Proceeds**—$112,000 of the proceeds to be used to redeem all the outstanding 7% preferred stock of company, at $105 per share; balance for working capital

**Registration Statement** No. 2-4796. Form A-2. (7-15-41)

**SOUTHERN ACCEPTANCES, INC.**

Southern Acceptances, Inc. registered 150 shares $50 dividend Preferred stock, no par, 20 shares Class A $60 dividend common stock, no par; and 30 shares Class B common stock, no par

**Address**—26 Wall St., Orlando, Fla.

**Business**—Discounting installment notes and making small loans

**Underwriter**—Leedy, Wheeler & Co., Orlando, Fla.

**Offering**—Preferred and Class A will be publicly offered at $1,000 per share, Class B common at $1,100 per share. Underwriting commission $50 on preferred and Class A, and $55 on Class B

**Proceeds**—To repay bank loans, and for working capital

**Registration Statement** No. 2-4570. Form A-2. (11-12-40)

**Effective**—Dec. 4, 1940

**SPROUSE-REITZ COMPANY, INC.**

Sprouse-Reitz Co., Inc. registered 500 shares of voting common stock, $100 par, and 3,500 shares of non-voting common stock, $100 par

**Address**—1900 N. W. 22nd Ave., Portland, Ore.

**Business**—Operation of 161 general merchandise stores

**Underwriter**—None

**Offering**—Shares will be offered first to stockholders, then to public, at $100 per share

**Proceeds**—For additional working capital and to provide funds for opening new stores

**Registration Statement** No. 2-4724. Form A-2 (3-31-41)

**Effective**—1:15 P.M., E.S.T., April 19, 1941

**TOMASINI BRIDGE REVENUE BONDS**

T. A. Tomasini, an individual, registered with SEC $20,000,000 of 3% Tomasini Bridge Revenue Bonds, due Aug. 1, 1970

**Address**—25 California St., San Francisco, Cal.

**Business**—Holds a franchise to build, maintain and operate a tube and toll bridge across San Francisco Bay from Alameda County, near Point Fleming, to Marin County near Bluff Point, both in California. The Obligor—T. A. Tomasini—also has secured necessary approval of plans, permits and authority to construct the bridge from War Department of the United States, and proposes to proceed with construction of the project. Project expected to be completed by June 27, 1944

**Underwriting and Offering**—The Obligor proposes to advertise for bids for all or part of the bonds by inserting a notice to that effect in one or more newspapers of general circulation in the city and county of San Francisco, and in New York City. There will be no underwriting

**Proceeds** will be used to construct, operate and maintain the tube and toll bridge

**Registration Statement** No. 2-4815. Form A-1. (8-15-41)

**TRAILER COMPANY OF AMERICA**

Trailer Co. of America registered with SEC 4,547 shares 7% cumulative preferred stock, $100 par, and 81,095 shares common stock, no par

**Address**—31st & Robertson Aves., Cincinnati, O.

**Business**—Manufacture, assembly, distribution and sale of commercial trailers and semi-trailers, trailer bodies, parts and equipment, truck bodies and cabs for tractors and trucks

**Underwriters**—None

**Offering**—The above shares to be offered by company to all its stockholders at price of $100 per share of 7% preferred and $8 per share for common, through rights, at rate of 2½% shares of 7% preferred and 5 shares of common stock for each share of 7% preferred stock held, and at rate of one share of common stock for each share of common stock held. Subscription rights evidenced by Warrants will expire on the thirtieth day after date of issue. Unsubscribed portion of the shares will be offered for sale, at same prices, to all stockholders. Any unsold shares then may be sold at same prices to general public

**Proceeds**—For plant extension, retirement certain bank loans, and for working capital

**Registration Statement** No. 2-4803. Form A-2. (7-29-41) (Cleveland)

**UNION LIGHT, HEAT AND POWER COMPANY**

Union Light, Heat and Power Co. registered 25,000 shares $100 par common stock

**Address**—4th & Main St., Cincinnati, Ohio

**Business** — Operating electric utility company

**Underwriter** — Columbia Gas & Electric Corp.

**Offering**—Stockholders will receive offer to subscribe to 25/94ths of one common share in units of 5/94ths of a share for each 5/94ths of a share held at $5.32 for each unit. On a share basis, stockholders may subscribe to 5 new shares for each share held at $100.016 per share. Substantially all outstanding stock is held by Columbia Gas & Electric Corp.

**Proceeds**—To repay current debt and $2,835,000 first mortgage bonds held by parent and associated companies, and for construction costs

**Registration Statement** No. 2-4379. Form A-2. (3-30-40)

**UNITED WHOLESALE DRUGGISTS OF PITTSBURGH, INC.**

United Wholesale Druggists of Pittsburgh, Inc., registered with the SEC 4,000 shares no par common stock

**Address**—6543 Penn Ave., Pittsburgh, Pa.

**Business**—Incorporated in Delaware on April 28, 1941, to engage in business of selling drug store merchandise

**Underwriting**—None

**Offering**—The 4,000 shares of common stock will be sold by the company direct to (exclusively) retail druggists, at $50 per share

**Proceeds**—Will be used for purchase of equipment, and for working capital

**Registration Statement** No. 2-4818 Form A-2. (8-22-41)

**VIRGINIA LAND CO.**

Virginia Land Co. registered warranty deeds representing interests in oil and gas lands in the Everglades, Florida, about 50 miles west of Miami

**Address**—Theatre Building, Coral Gables, Dade County, Florida

**Underwriters**—None

**Offering**—Interests will be sold to the public at prices from $20 per acre up to $150 per acre

**Proceeds** — For development of lands, purchase of equipment, and working capital

**Registration Statement** No. 2-4767. Form S-10 (5-23-41)

**WHITWORTH APARTMENT, INC.**

Whitworth Apartment, Inc., registered with SEC 5,950 shares common stock, 25 cents par $74,375 First Mortgage 5% bonds, due Sept. 1, 1951; and $74,375 Second Mortgage Income Bonds. 6% Non-Cumulative Interest, due Sept. 1, 1961

**Address**—311 Securities Bldg., Seattle, Wash.

**Business**—Incorporated on July 3, 1941 to acquire title to Whitworth Apartment, Seattle, Wash., and to own and operate said apartment

**Underwriters**—None

**Offering**—All of the securities registered will be offered under a Plan of Reorganization, to holders of 148,750 undivided fractional shares, latter represented by Certificates of Interest. Latter may be surrendered under the plan through Seattle-First National Bank, Seattle, Wash. Owner of each 25/148,750 fractional share will receive: (a) $12.50 par value of first mortgage bonds, $12.50 par value of second mortgage income bonds, and one share of capital stock of the new company

**Registration Statement** No. 2-4811. Form E-1. (8-8-41) (San Francisco, Cal.)

**WILLIAMS HYDRAULICS, INC.**

Williams Hydraulics, Inc. registered 1,000,000 shares $5 par Class A common stock

**Address**—Alameda, Cal.

**Business**—Deep-sea dredging and manufacture of equipment therefor

**Underwriters** — Brown Hartwell Company

**Offering**—Public offering price, $5 per share, underwriting commission, $1 per share

**Proceeds**—Purchase of plant and equipment; purchase of seagoing vessel; equipment, and working capital

**Registration Statement** No. 2-4133. Form A-1. (7-19-39)

**Effective**—May 29 as of April 18, 1940

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## Puts & Calls Attractive

Filer, Schmidt & Co., 25 Broadway, New York City, have issued a booklet on the Put and Call option business which should be particularly interesting to the large holders of securities as it outlines the procedure to gain additional income through the sale of these options. Copies may be obtained from the firm upon request.

## Barysh Back From Trip

Murray L. Barysh of Ernst & Company, 120 Broadway, New York City, members of the New York Stock Exchange, has just returned to his desk after an extensive business trip through New England.

## Ins. Co. Statistics

A series of interesting circulars on the current situation in American Reserve Insurance Co., Federal Insurance Company, Continental Insurance Company, Hartford Steam Boiler Inspection & Insurance Co., National Liberty Insurance Co., Continental Casualty Co., and Standard Accident Insurance Co. have been prepared by Mackubin, Legg.

## Railroad Securities

(*Continued from Page 101*)

being felt in some sections. These influences will apparently be at least partially offset in the near future, if Mr. Pelley's estimate of 20,000 surplus tank cars available to relieve the oil and gasoline shortage in the east proves correct. Even with this stimulus to traffic, however, it now seems doubtful if the Fall traffic peak will top 950,000 cars, and it may even fall somewhat below that figure. Earlier, it had been expected in many quarters that a high of one million cars might be witnessed.

The altered outlook has its important compensations in that it should obviate any possibility of a car shortage, and prevent a burden on the carriers such as might have tended to lessen efficiency and increase operating expenses. The efficiency of the railroads continues as one of the brightest spots in the picture. Heavier loading, greater train speed, and more expeditious handling at terminal points are the factors leading to a wider increase in revenues than in actual carloadings, and to the carry through of a particularly large proportion of the revenue gains to net.

Despite the current good earnings, and indications that the trend will continue, although perhaps at a slower pace, the sluggish action of the second grade bonds seems likely to continue. There has been growing evidence of a determination on the part of institutions (mainly banks) to withdraw from their questionable liens (the group composed of junior bonds of marginal properties) whenever the market stabilizes. Such liquidation has not as yet run its full course and there seems to be little hope that public buying will develop in sufficient volume to fully absorb it and push prices materially higher. This type of bond, selling in the 50—65 range, does not attract the speculative trader primarily interested in price appreciation while the number of buyers seeking the higher income return is naturally limited and small in comparison to institutional holdings seeking a market.

**With this in mind bond men have been paying greater attention to maturity dates, on the theory that the nearer maturities are the ones which will get support from the railroads themselves. In general, the carriers are following a policy of using increased cash to retire debt through open market purchases and where there are troublesome near maturities, it is naturally the inclination to get as many as possible of these out of the way.**

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Punta Alegre Sugar
Vertientes Camaguey Sugar
West Indies Sugar

Barauga Sugar 6s, 1947
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## Northern Natural Gas Stock Offered

Public offering of 355,250 shares of Northern Natural Gas Co. $20 par common stock was made Sept. 10 by an underwriting group headed by Blyth & Co., Inc. The stock was priced at $32 per share. Proceeds of the sale are to go to The United Light and Railways Co., as the selling stockholder, for its own use.

Sale of the stock will terminate all affiliation of Northern Natural Gas Co. with The United Light and Railways Co. and its parent, The United Light and Power Co., and will mark a step in the latter's integration program. An additional 355,250 shares of Northern Natural Gas common stock are owned by North American Light & Power Co., for which a separate registration statement has been filed with the Securities and Exchange Commission, although no plans have been announced for their sale. The remainder of the company's outstanding 1,015,000 common shares are owned by Lone Star Gas Corp.

Net income of the company for the six months ended June 30, 1941, after making provision for Federal income and excess profits taxes at rates stipulated by the 1940 Acts as amended, amounted to $2,317,090. Net income for the year ended Dec. 31, 1940, totaled $3,707,828, compared with net income of $3,617,790 for the year ended Dec. 31, 1939.

## R. T. Simcock Joins Dempsey-Detmer & Co.

(Special to The Financial Chronicle)

CHICAGO, ILL.—Robberts T. Simcock has joined Dempsey-Detmer & Co., 135 South La Salle Street as manager of the statistical department. Mr. Simcock was recently with the Federal Reserve Bank of Chicago and prior thereto was with Francoeur, Moran & Co., was manager of the corporation department for Joseph M. Johnson & Co., was with Bartlett & Gordon, Inc., and Case, Bosch & Co. In the past he was head of Simcock & Co.

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## High Grade Bond Suggestions

(*Continued from page 107*)

3.15% and on long utilities 2.90%, a spread of 25 basis points. On August 28, 1941, the rail average was 2.77% and that for the utilities 2.58%, or a spread of 19 points. At the end of 1940, this spread was about the narrowest reached, amounting to only 15 basis points. If individual issues are compared, of course, even greater discrepancies appear between highest quality utilities and rails of comparable maturity.

Aside from psychological factors, there appears to be no real reason for large spreads between these two major groups. The disfavor into which all railroad bonds have fallen due to the many bankruptcies during the 1930s has tended to impair the investment regard for issues of even the soundest carriers, including senior obligations of Chesapeake & Ohio, Atchison, Norfolk & Western, Virginian, Pennsylvania and Union Pacific and even the best terminal issues, such as Chicago and Cincinnati.

The accompanying table presents a representative list of prime railroad bonds with 1932-1940 range, recent price, call feature and maturity yield.

| | Oustanding (Millions) | '32-'40 Range | Recent Price | Call Price | Maturity Yield |
|---|---|---|---|---|---|
| Chesapeake & Ohio Ref. & Imp. 3½s, 1996 | $ 39.1 | 106-85 | 104⅜ | 104½ | 3.34 |
| Norfolk & Western 1st Cons. 4s, 1996 | 40.7 | 129-79 | 127¾ | NC | 2.97 |
| Atchison, Topeka & Santa Fe Gen. 4s, 1995 | 151.9 | 117-75 | 110 | NC | 3.58 |
| Chesapeake & Ohio Gen. 4½s, 1992 | 79.2 | 132-70 | 132 | NC | 3.21 |
| Cincinnati Union Terminal 1st 3⅜s, 1969 | 12.0 | 114-103 | 113⅜ | 112 | 2.71 |
| Virginian Railway 1st 3¾s, 1966 | 60.3 | 110-100 | 108¾ | 106 | 3.23 |
| N. Y. Connecting Railway 1st 3½s, 1965 | 27.3 | 102-100 | 101¼ | 107 | 3.42 |
| Chicago Union Station 1st 3⅛s, 1963 | 16.0 | 104-95 | 102½ | 106'45 | 2.97 |
| Oregon Washington R. R. & Nav. 1st & Ref. 4s, 1961 | 53.9 | 109-60 | 106¾ | 105 | 3.54 |
| Pennsylvania R. R. Cons. 4½s, 1960 | 49.0 | 126-87 | 122⅛ | NC | 2.99 |
| Union Pacific 1st 4s, 1947 | 100.0 | 116-85 | 111⅝ | NC | 2.08 |
| Oregon Short Line 1st Cons. Guar. 5s, 1946 | 16.4 | 123-92 | 114⅛ | NC | 1.90 |

Comparing a few of these railroad bonds at random with some high grade utilities of comparable maturity, it is immediately apparent that the former offer several favorable features. Detroit Edison Gen. & Ref. 3½s, 1966, sell at 110½ to yield 2.91% and are callable at 107. The Virginian Railway 1st 3¾s, 1966, yield 3.23%, sell at 108¾ and are redeemable at 106. Bell Telephone (Pa.) 5s, 1960, yield 2.82 compared with 2.99 for Pennsylvania R. R. Consol 4½s, 1960, and so on down the line.

**This writer believes that prime rails offer an attractive medium for investment of new funds and for switches out of low-coupon utilities selling at substantial premiums above call. After the railroad wage dispute is settled, the second grade market is certainly going to take cognizance of the good level of earnings and react accordingly against the present downward trend. At such time, prime rails will undoubtedly move into the lower yield orbit now monopolized by the public utilities. There are added advantages in the rails which should command some investment attention rather soon — the fact that most high quality issues are selling below their call prices or are non-callable, and that most carry relatively high coupon rates which would cushion any inflationary reaction.**

## Doty Organizing Own Conn. Real Estate Co.

Archibald C. Doty, formerly of the investment firm of Doty, Fay & Co., New York, and B. C. Roberg have organized an old real estate organization in Litchfield, Connecticut, under the name of the Litchfield Realty Company, to sell suburban and farm properties in that section.

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## Something Special For Traders Convention

The New Orleans Security Traders Association announces that three very handsome attendance prizes will be awarded at the National Security Traders Association banquet to be held the last night of the Convention—September 25th. The group has completed a somewhat novel idea in connection with the distribution of the prizes—attending members are urged to be prompt at the banquet which is scheduled to begin at 7:00 o'clock, and to bring their tickets of admission. The only provision is that the winner be present at the banquet.

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## Finance Division In Defense Set-Up Urged By Connely Of IBA Before Fin. Advertisers

Emmett F. Connely, President of the Investment Bankers Association of America, urged on Sept. 8 the immediate creation of a finance division in the new national defense set-up composed of "practical experts" to be charged not only with the great problems of financing the defense effort but also with planning steps to ease the eventual transition of our free enterprise system from a war-time to a peace-time basis.

Pointing out to members of the Financial Advertisers Association, at their convention in Cleveland, that experts in every other line of industry except finance have been drafted to aid in the national defense effort, Mr. Connely declared that a financial division composed of practical experts would fill two important breaches in the national defense front. It would, he said, marshall the forces of private credit so that government credit would be available for the tasks it alone can assume, and it would lay plans for the economic readjustment that must be made when the present emergency is over.

During the first World War, Mr. Connely pointed out, the raising and apportionment of industrial capital was left largely in private hands through the formation of a Capital Issues Committee whose function was to "ration capital to those enterprises and industries which served some immediate and definite military or economic need." All capital, he added, was successfully conserved for necessary use, and the investment banking system was left intact to resume its task of funneling private savings into expanding industry when the war was over. Mr. Connely in calling upon the members of the advertising fraternity to arouse the public to the need for such a body of experts, declared that "despite the recent formation of the seven-man Supply Priorities and Allocation Board, no provision has been made for a finance division. He added:

"The Investment Bankers Association has long recognized the need for a finance division, such as the Capital Issues Committee, and believes that no time should be lost in following the example which worked so well during the First World War.

"The finance division should be manned by experts who would counsel with government agencies and make sure that just as much of this financing be done through private channels as possible, so as to leave government credit as unburdened as possible for jobs it simply must take care of."

Mr. Connely contended that the contribution such a division could make toward preparations for peace would be equally important. As to this he said:

"We are all looking forward to that day when world sanity will be restored but the transition from a war economy to normal peace-time operations will put the American way of life to a severe test. But our system of free enterprise will not be found wanting if we face the post-war period with sound plans for peace-time conversion of plants and methods for utilizing excess capacities in the various industries now engaged in defense work."

While pointing out that the post-war objectives of the National Resources Planning Board called for the maintenance of a national income of $100,000,000,000 Mr. Connely questioned the stress which the Board places on public works as a means of attaining that income, saying:

"The road to such a national income is through the free operation of the private enterprise system which we are arming to defend against those foreign systems which would overthrow it. Made work will not solve our post-war problems, but honest jobs in private industry will."

Mr. Connely has previously urged on several occasions the creation of a finance division in the defense program; his views to this end at last year's annual convention of the IBA were given in our issue of Dec. 21, page 3603, and a later address urging such a section was referred to in these columns Jan. 11 last, page 207.

## R. Crocker & D. Mead With Fahnestock & Co.

(Special to The Financial Chronicle)

CHICAGO, ILL. — Reginald David Crocker and Donald B. Mead have become associated with Fahnestock & Co., 135 South La Salle Street. Both were formerly with Merrill Lynch, Pierce, Fenner & Beane.

Prior thereto Mr. Crocker was with Fuller, Rodney & Co. and Stokes, Woolf & Co. In the past he was in business as R. D. Crocker & Co. Mr. Mead in the past was with Rothschild & Co. and for many years with Paine, Webber & Co.

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In 2 Sections — Section 2

# The COMMERCIAL & FINANCIAL CHRONICLE

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WITH WHICH HAS BEEN COMBINED THE FINANCIAL REPORTER

Volume 154 Number 3979 New York, N. Y., Thursday, September 11, 1941 Price 40 Cents a Copy

## President Says We Will Protect All Ships In Defensive Waters

Declaring that "upon our naval and air patrol—now operating in large number over a vast expanse of the Atlantic Ocean — falls the duty of maintaining the American policy of freedom of the seas—now," President Roosevelt on Sept. 11 warned that "that means, very simply, very clearly, that our patrolling vessels and planes will protect all merchant ships—not only American ships but ships of any flag — engaged in commerce in our defensive waters. They will protect them from submarines; they will protect them from surface raiders." In his address, broadcast from Washington at 10 P. M. (D.S.T.), and rebroadcast throughout the World, the President further declared:

> Let this warning be clear. From now on, if German or Italian vessels of war enter the waters the protection of which is necessary for American defense, they do so at their own peril. The orders which I have given as Commander in Chief of the United States Army and Navy are to carry out that policy—at once. The sole responsibility rests upon Germany. There will be no shooting unless Germany continues to seek it.

The President asserted that "my obligation as President is historic; it is clear; yes, it is inescapable. It is no act of war on our part when we decide to protect the seas that are vital to American defense. The aggression is not ours. Ours is solely defense."

In his address President Roosevelt referred to recent attacks on American ships, and said:

> It is clear to all Americans

(Continued on page 121)

## TO OUR READERS:

The changes that have been made in the Financial Chronicle are those of form, rather than of content. All material that has been appearing heretofore in the old Chronicle has been carried over, almost completely, into the new publication. Readers will find the same features and editorials, the same corporation and municipal news, **the same stock and bond market quotations** and essential statistical data.

To this basic editorial content we have added new features and special departments to make the Financial Chronicle more interesting and more helpful. More than a dozen new correspondents and special writers have been added to our staff to make this possible. However, **the same conservative editorial policy that has always characterized the Financial Chronicle will be continued.**

To help those subscribers who have been binding their copies of the Financial Chronicle, we bound a three months' supply of blank pages. The resulting volume is only slightly larger than our old bound copies of the Chronicle, less than two inches higher and three inches deeper. The new bound volumes will, of course, be a great deal thinner. This will make them easier to handle. The paper used in the new Financial Chronicle was selected for its strength and durability, and because it will not turn yellow or crumble along the edges.

It is unfortunate, particularly at this time, that our publishing schedule has been held up due to the unreasonable demands of labor unions. There is no disagreement about wages, hours or working conditions, but dictatorial labor union officials have made demands that are absolutely unreasonable. We are, however, carrying on under these adverse circumstances and we ask the indulgence of our subscribers for any temporary inconvenience caused by this situation.

Familiar paths are always easy to follow. We feel confident, however, that our readers, after acquainting themselves with the additions and improvements that have been made in the Financial Chronicle, will find it even more interesting and helpful than it has ever been in the past.

## NJ Bond Club to Hold Annual Fall Field Day

Lee W. Carroll of John B. Carroll & Co., president of the Bond Club of New Jersey, announces that the Fall Field Day will be held this year on Friday, September 26 at the Essex County Country Club. Courtlandt B. Parker of R. W. Pressprich & Co. is Chairman of the Field Day Committee.

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**Business activity shows little or no let-down from its recent high levels.**

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**Grain storage space 85% occupied on Sept. 1.**

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## Senate Passes Tax Bill Estimated To Yield $3,583,900,000; Measure Goes To Conference

With the adoption of the new tax on revenue bill by the Senate on Sept. 5, by a vote of 67 to 5, the measure was sent to Conference to adjust the differences between the Senate bill and that passed by the House on Aug. 4. The bill was formally reported to the Senate by the Senate Finance Committee on Sept. 2, as was reported in these columns Sept. 4, page 26, and debate in the Senate was brought under way on Sept. 3 by Senator George, Chairman of the Committee, — the legislation having thus been rushed through the Senate in three days. Of the 67 votes cast on Sept. 5 in favor of the Meassure, 51 were those of Democrats while 16 were registered by Republicians. The five voting against the adoption of the bill were Senators Clark of Idaho, and McCarran, (Democrats); Senators Lauger and Nye (Republicans) and Senator La Follette (Progressive). In its action on Sept. 4 the Senate approved, by a vote of 43 to 23, the Senate Committee proposal to cut from $2,000 to $1,500 the income tax exemption for married persons, and from $800 to $750 the exemption in the case of single persons. Under date of Sept. 4 Associated press accounts from Washington said:

> Senate action came after Senator La Follette, Progressive, of Wisconsin, had contended that lowered exemptions would further reduce low standards of living in the bottom tax groups.
>
> Mr. LaFollette said that while he had suggested lower exemptions in the past, he had not urged that they cut below present levels. The exemptions were reduced to the present figures last year. He crticized the pending measure as one which hits hardest the persons the least able to pay and lightest those most able to pay.

The change in exemptions,

(Continued on paage 119)

## As Was Inevitable!

We appear now to be approaching a *real* crisis, and this nation is not prepared for it. It has for a long while been inevitable, or very nearly so. Permanent avoidance of it would have been, and would now be little short of miraculous. That crisis revolves around the question of war or peace. The American people have wanted, and, in our considered judgment, still want peace. As matters are now developing, however, there is daily growing danger that they will have war—by whatever name it may be called—in the not very distant future. Unless there is a sharp change in the course of events, they certainly will have war eventually, and this country is not prepared for war in terms of technical equipment, trained armies, or mental or emotional states. It is a most distressing situation, and one which grows logically, not to inexorably out of the mismanagement of our international affairs.

The unvarnished truth is that an unrelentingly stubborn, utterly war-minded President with an almost unprecedented hold upon the rank and file of the people has steadfastly led the nation day by day nearer the precipice all the while professing aversion to war, and assuring the unthinking masses that no war would result from his incredible recklessness in foreign affairs. He has been able to persuade the majority of the voters that he was right in

(Continued on page 123)

## FROM WASHINGTON AHEAD OF THE NEWS

The attrition of Dollar-a-Year men at the hands of New Dealers is proceeding at such a pace that some observers are coming to compare it, facetiously, with the English losses in the Battle of Crete or even at Dunkerque. Those whose business it is to keep up with the propaganda of Washington are wondering why Ralph K. Davies ever let himself in for what seems to be headed his way. Mr. Davies is with the Standard Oil Company of New Jersey, drawing, so it is understood in Washington, $56,000 a year.

Well, it so happens that one of Mr. Roosevelt's concerns is just how to get the country into a war psychology. It has been his concern for a long time. Horrible Harold Ickes, as he is referred to in Washington, took the matter up with the President when, shortly after the last Presidential campaign, he went with him on the Carribean trip. Mr. Roosevelt agreed that something had to be done. He delegated his crusading vice president, Henry Wallace, to work out a plan. Ickes was also told to work out a plan.

Both men went eagerly about their work but were quite provoked when their handiwork was turned over to Lowell Mellett, one of the President's "anonymous" aides whose job, in the public mind, was to deal with propaganda, but whom, according to a recent magazine article apparently despises propaganda and believes that the truth will prevail if just let alone. This is a philosophy he got from the slogan of the Scripps-Howard newspapers for whom he was an editor for so long. The slogan is to the effect that if you give the people light they will find the way. Mellett apparently really believed this slogan. Anyway, he didn't do anything about the plans submitted by Wallace and Ickes for making the people war conscious.

**Ickes finally got impatient and hit upon his gas shortage**

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# The State Of Trade

Business activity shows little or no let-down from its recent high levels. Steel operations continue to expand; electric power output continues substantially higher than last year; Engineering construction awards totaled $90,014,000, an increase of 18 per cent. over the volume for the corresponding 1940 week. Retail trade news continued to reflect larger pay rolls and the buying of consumers who anticipate difficulties later in obtaining certain supplies. Retail trade felt the stimulus of back to school demand, and volume was 23 to 28 per cent higher than in the same week last year, according to Dun & Bradstreet, Inc.

However, the retail trade boom which reached its peak in August as publicity of the silk shortage set off a general buying wave, is now falling back to more normal levels, according to figures released recently by the Federal Reserve Board of New York. The peak of retail buying was attained during the week ended August 9th, when the increase reached 47 per cent over the same week last year.

Inflation appears to be occupying the spot light more and more. Hence the rush for commodities, which is assuming dangerous proportions. This is reflected clearly in the soaring commodity markets. It is generally realized that no matter what difficulties may be presented through a possible intensification of submarine warfare, this country is going to increase its exports of staples to Great Britain, Russia and China.

A record 1942 food output is set by the Government to meet British and domestic needs. Sharply increased production of various foodstuffs to fill British import requirements and to forestall possible domestic shortages is planned in the 1942 farm program announced recently by Secretary of Agriculture Wickard.

The new program is featured by production goals on all essential agricultural products and by a price guarantee of 85 per cent of parity on the protective foodstuffs. Hitherto, production goals have been set only on the major crops and with a view generally toward restricting output.

An interesting item is the statement of Secretary of the Treasury Morgenthau in a recent address before the Advertising Club of Boston, in which he urged selling of farm surplus in order to curb inflation, which he said was already under way. He stated: "this has been historically a land of milk and honey. There is still plenty of milk and honey, but too much of it is in the warehouses. Let's make it flow. If we were to let it flow to the public, we would not only help in keeping prices stable, but we would be doing something even more important; we would be helping to make our people healthier and happier." He states further: "it is sheer folly from the farmer's point of view to push prices up by creating scarcities in times like these. The farmers suffered cruelly for twelve long years after the collapse of the inflation of 1920 and 1921; they should not be made to suffer again."

The force of defense spending is being felt in the Middle West as more projects are placed in this area. In these sections a new prosperity is evident, but it does not favorably affect the areas away from new construction. However, the relatively moist summer and the prospect for fall crops, with abundant pastures, have given an impetus to farm sections. The producers with all their various Federal payments are receiving parity, so long desired, and in consequence are finding the going easier.

The European war, national defense and the fear of inflation are causing a boom in farm sales. A study of farm realty agencies made by the Northwestern National Insurance Company reveals that farms are selling faster than at any time since the depression.

## Aid To Poland

President Roosevelt announced on Sept. 4 that he had authorized the transfer of various defense articles to the Government of Poland under the Lend-Lease Act and declared that the gallant resistance of the forces of the Government of Poland is "vital to the defense of the United States." This action, the President said, demonstrates our intention to give material support to "the fighting determination of the Polish people to establish once again the independence of which they were so inhumanly deprived."

The White House Statement issued Sept. 4 also said that Polish troops are now training in Canada for action overseas, under the President's order, machine guns, sub-machine guns, rifles, artillery equipment, trucks and other supplies will be sent to these troops in the near future.

The President stressed the importance of this new aid to the Government of Poland as a continuing expression of "the policy of the United States to extend aid to all who resist aggression."

## Hennessy In Boston

(Special to The Financial Chronicle)

BOSTON, MASS. — William A. Hennessy has formed W. A. Hennessy & Co. with offices at 24 Federal Street, to engage in a general securities business. Associated with the firm will be Charles J. Thornton.

# Commodity Prices Continue To Rise

The weekly wholesale commodity price index compiled by The National Fertilizer Association, issued September 8, registered its ninth consecutive advance. In the week ended September 6 this index rose to 115.8 per cent of the 1935-1939 average. It was 115.3 in the preceding week, 113.3 a month ago, and 97.4 a year ago.

The farm product price index rose to the highest point recorded since the first week of August, 1937. Cotton was again higher during the week, and grain prices moved upward. A drop in the price of eggs counterbalanced continued advances in livestock quotations, causing the livestock index to remain unchanged. The food price average was only fractionally higher as declines in eggs, and some meats nearly offset advances in other commodities included in the group. Although increasing prices for cotton, cotton goods, wool, and burlap were responsible for another rise in the textile index, this group average is still below the levels reached in August. The only other price changes recorded during the week were in the miscellaneous commodity average. This index rose slightly as a result of higher cattle feed quotations; the price of rubber declined.

During the week 34 price series included in the index advanced and 8 declined; in the preceding week there were also 34 advances and 8 declines; in the second preceding week there were 41 advances and 17 declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
1935-1939 — 100*

| % Each Group Bears to the Total Index | Group | Latest Week Sept. 6, 1941 | Preceding Week Aug. 30, 1941 | Month Ago Aug. 2, 1941 | Year Ago Sept. 7, 1940 |
|---|---|---|---|---|---|
| 25.3 | Foods | 112.6 | 112.5 | 107.8 | 92.9 |
| | Fats and Oils | 125.5 | 122.0 | 117.5 | 67.0 |
| | Cottonseed Oil | 150.7 | 143.6 | 133.4 | 66.9 |
| 23.0 | Farm Products | 119.6 | 118.3 | 114.7 | 87.4 |
| | Cotton | 162.3 | 156.9 | 150.0 | 89.8 |
| | Grains | 108.5 | 105.2 | 97.9 | 80.8 |
| | Livestock | 114.2 | 114.2 | 111.9 | 87.8 |
| 17.3 | Fuels | 110.6 | 110.6 | 110.4 | 101.9 |
| 10.8 | Miscellaneous Commodities | 124.6 | 124.4 | 121.6 | 109.1 |
| 8.2 | Textiles | 138.0 | 136.9 | 139.3 | 102.5 |
| 7.1 | Metals | 103.8 | 103.8 | 103.9 | 101.7 |
| 6.1 | Building Materials | 119.5 | 119.5 | 118.5 | 104.8 |
| 1.3 | Chemicals and Drugs | 106.3 | 106.3 | 105.7 | 103.7 |
| .3 | Fertilizer Materials | 112.7 | 112.7 | 112.3 | 102.0 |
| .3 | Fertilizers | 107.1 | 107.1 | 106.4 | 103.0 |
| .3 | Farm Machinery | 99.3 | 99.3 | 99.3 | 99.3 |
| 100.0 | All Groups Combined | 115.8 | 115.3 | 113.3 | 97.4 |

*Base period changed January 4 from 1926-1928 average to 1935-1939 average as 100. Indexes on 1926-1928 base were: Sept. 6, 1941, 90.2; Aug. 30, 1941, 89.8; Sept. 7, 1940, 75.9.

# World Prices Steady

General Motors Corp. and Cornell University, which prior to the European war had collaborated in the publication of a world commodity price index, have resumed issuance of international price statistics, but on a different basis than before the war. Instead of a composite index of world prices, these organizations now are publishing the information only as individual country indexes.

The index is built upon 40 basic commodities and the list is the same for each country in so far as possible. Each commodity is weighted uniformly for each country, according to its relative importance in *world* production. The actual price data are collected weekly by General Motors overseas operations from sources described as "the most responsible agencies available in each country, usually a government department." The commodities involved include "a comprehensive list of several groups, including grains, livestock and livestock products, miscellaneous foods (coffee, cocoa, tea, sugar, &c.), textiles, fuels, metals and a list of other miscellaneous materials (rubber, hides, lumber, newsprint, linseed oil, &c.)." Weights assigned in the index to the different commodity groups are as follows: Grains, 20; livestock and livestock products, 19; vegetable fats and other foods, 9; textiles, 12; fuel, 11; metals, 11; miscellaneous, 18.

The indexes, which are based on prices expressed in the currency of each country, were reported Sept. 8 as follows:

(August, 1939=100)

| | *Argentina* | *Australia* | *Canada* | *England* | *Java* | *Mexico* | *New Zeal'd* | *Sweden* | *Switzerland* | *United States* |
|---|---|---|---|---|---|---|---|---|---|---|
| 1940— | | | | | | | | | | |
| May | 120 | 118 | 120 | 143 | 116 | 113 | 112 | 131 | 132 | 112 |
| June | 118 | 118 | 120 | 144 | 116 | 113 | 114 | 131 | 136 | 109 |
| July | 118 | 118 | 120 | 145 | 115 | 112 | 114 | 132 | 140 | 109 |
| August | 118 | 119 | 120 | 150 | 115 | 111 | 120 | 132 | 144 | 109 |
| September | 116 | 120 | 121 | 145 | 116 | 110 | 122 | 135 | 153 | 111 |
| October | 113 | 123 | 122 | 145 | 117 | 110 | 120 | 139 | 158 | 114 |
| November | 113 | 125 | 124 | 146 | 118 | 111 | 118 | 142 | 164 | 118 |
| December | 113 | 126 | 126 | 149 | 120 | 111 | 119 | 144 | 168 | 118 |
| 1941— | | | | | | | | | | |
| January | 114 | 127 | 126 | 150 | r120 | 111 | 119 | 144 | r172 | 120 |
| February | 114 | 126 | 127 | 150 | 121 | 113 | 119 | 147 | 171 | 120 |
| March | 119 | 122 | 129 | 150 | 123 | 114 | 119 | 154 | 176 | 122 |
| April | 121 | 121 | 131 | 150 | 125 | 115 | 119 | 156 | 180 | 125 |
| May | 126 | 120 | 134 | r152 | 129 | 117 | 120 | 156 | 189 | 129 |
| June | 133 | 121 | 137 | 155 | 131 | 119 | 121 | 155 | 193 | 132 |
| July | 136 | 120 | 142 | 158 | 137 | 123 | 123 | 156 | 194 | 137 |
| 1941— | | | | | | | | | | |
| Weeks end.: | | | | | | | | | | |
| July 5 | r133 | 121 | 139 | r155 | 134 | 123 | 121 | 154 | *194 | r135 |
| July 12 | 133 | 121 | 141 | r156 | 134 | 126 | 121 | 156 | 194 | 137 |
| July 19 | 133 | 121 | 141 | r156 | 136 | 126 | 122 | 155 | 194 | r136 |
| July 26 | 133 | 120 | 143 | r157 | r137 | r126 | 124 | 155 | 194 | 137 |
| Aug. 2 | r135 | 120 | 142 | 157 | 138 | r127 | 123 | 156 | 194 | 137 |
| Aug. 9 | 136 | 120 | 142 | *158 | 137 | 123 | 123 | 156 | *194 | 137 |
| Aug. 16 | 137 | 120 | 142 | *157 | 138 | 127 | 123 | 156 | --- | 137 |
| Aug. 23 | 138 | r121 | 143 | *157 | 139 | 128 | 123 | 156 | --- | 139 |
| Aug. 30 | 138 | 121 | 143 | *157 | 138 | 127 | 123 | 156 | --- | 140 |

* Preliminary. r Revised

## AIB Registration Period

The registration period for the Fall semester of the New York Chapter of the American Institute of Banking will extend from Sept. 15 through Sept. 19, with classes resuming on Sept. 22. The Chapter, a section of the American Bankers Association, is a profession association, the primary aim of which is to further the educational development of the bank men and women of New York City and vicinity. The educational courses, covering the needs of those engaged in the banking profession and the related fields of investment and finance, are offered by the Chapter in cooperation with Columbia University, thus assuring academic standards in the conduct of the work.

# Grain Storage Space 85% Occupied Sept 1

Grain in commercial storage at 40 terminal markets reporting to the Department of Agriculture's Marketing Service increased nearly 6% during August, it was announced on Sept. 4. About 85% of the available commercial space was occupied Sept. 1 compared with 80% a month earlier. This does not include private storage in mills and processing plants at these points. Commercial stocks, including all kinds of domestic and foreign grain totaled 376,729,000 bushels Sept. 1, while the total commercial storage space was placed at approximately 450,000,000 bushels. The Department's announcement also stated.

The greatest increase in stocks during August was at the spring wheat markets of Minneapolis and Duluth-Superior. At these points the 97 million bushels in store September 1 occupied nearly 80% of the available commercial storage space. Stocks continued to increase in the principal winter wheat markets. Approximately 96% of the space was filled September 1 in West Central and Southwestern markets and 90% in the East Central group. About 87% of the available space was occupied in the Lower Lake markets, compared with 80% a month earlier. Little change occured in Atlantic Coast and Gulf markets where 74 and 82 percent, respectively, of the commercial space was occupied August 1 and also September 1.

The transfer of grain storage space at San Francisco to other uses reduced the space available for grain materially in Pacific Coast markets. With an increase in stocks during August to about 12 million bushels, slightly over 75% of the space was occupied at the close of the month. This compares with 36% occupancy on August 1.

## National Banks

The following information is from the office of the Comptroller of the Currency, Treasury Department:

Common Capital Stock Increased August 30 — The Lubbock National Bank, Lubbock, Texas. From $200,000 to $300,000. Amt. of increase $100,000.

Change of Location and Title August 30 — Location of "The First National Bank of Piper City," Piper City, County of Ford, Ill., changed to Gibson City; County of Ford, Ill., and title changed to "First National Bank in Gibson City."

Branch Authorized September 5—The National Shawmut Bank of Boston, Boston, Mass. Location of branch: 577-589 Columbia Road, Dorchester, Boston, Massachussets.

Certificate No. 1530A.

## Biddle Sworn In

Francis Biddle took the oath of office as Attorney General on Sept. 5 before President Roosevelt and other Government officials. The Senate confirmed the appointment earlier the same day (Sept. 5). Robert H. Jackson, Associate Justice of the Supreme Court, who is Mr. Biddle's predecessor, administered the oath in a brief ceremony in the President's office in the White House. Among those present besides the President were Secretary of State Cordell Hull and Secretary of Commerce Jesse Jones. Mr. Biddle had previously been Solicitor General, having served in this post since January, 1940. The President's nomination of Mr. Biddle on Aug. 25 was reported in these columns Aug. 30, page 1219.

# Revenue Freight Car Loadings During Week Ended Aug. 30, 1941 Mounts to 912,720 Cars

Loading of revenue freight for the week ended Aug. 30 totaled 912,720 cars, the Association of American Railroads announced on Sept. 5. This was an increase of 143,945 cars of 18.7% above the corresponding week in 1940, and an increase of 196,323 cars or 27.4% above the same week in 1939.

Loading of revenue freight for the week of August 30 was an increase of 12,970 cars of 1.4% above the preceding week.

Miscellaneous freight loading totaled 390,305 cars, an increase of 13,391 cars above the preeding week, and an increase of 86,641 cars above the corresponding week in 1940.

Loading of merchandise less than carload lot freight totaled 158,311 cars an increase of 1,209 cars above the preceding week, and an increase of 4,651 cars above the corresponding week in 1940.

Coal loading amounted to 170,338 cars, an increase of 685 cars above the preceding week, and an increase of 31,910 cars above the corresponding week in 1940.

Grain and grain products loading totaled 43,536 cars, a decrease of 89 cars below the preceding week, but an increase of 6,203 cars above the corresponding week in 1940. In the Western Districts alone, grain and grain products loading for the week of August 30 totaled 29,601 cars, a decrease of 1,124 cars below the preceding week, but an increase of 6,115 cars above the corresponding week in 1940.

Live stock loading amounted to 12,462 cars, an increase of 449 cars above the preceding week, but a decrease of 3,706 cars below the corresponding week in 1940. In the Western Districts alone, loading of live stock for the week of August 30 totaled 9,225 cars, an increase of 351 cars above the preceding week, but a decrease of 3,154 cars below the corresponding week in 1940.

Forest products loading totaled 47,750 cars, a decrease of 2,695 cars below the preceding week, but an increase of 9,113 cars above the corresponding week in 1940.

Ore loading amounted to 76,548 cars, a decrease of 471 cars below the preceding week, but an increase of 7,258 cars above the corresponding week in 1940.

Coke loading amounted to 13,470 cars, an increase of 491 cars above the preceding week, and an increase of 1,875 cars above the corresponding week in 1940.

All districts reported increases compared with the corresponding weeks in 1940 and 1939.

| | 1941 | 1940 | 1939 |
|---|---|---|---|
| 4 weeks of January | 2,740,095 | 2,557,735 | 2,288,730 |
| 4 weeks of February | 2,824,188 | 2,488,879 | 2,282,866 |
| 5 weeks of March | 3,817,918 | 3,123,916 | 2,976,655 |
| 4 weeks of April | 2,793,563 | 2,495,212 | 2,225,188 |
| 5 weeks of May | 4,160,527 | 3,351,840 | 2,926,408 |
| 4 weeks of June | 3,510,137 | 2,896,953 | 2,563,953 |
| 4 weeks of July | 3,413,427 | 2,822,450 | 2,532,236 |
| Week of August 2 | 883,065 | 717,927 | 656,553 |
| Week of August 9 | 878,549 | 727,073 | 661,023 |
| Week of August 16 | 890,374 | 743,050 | 669,793 |
| Week of August 23 | 899,750 | 761,108 | 683,906 |
| Week of August 30 | 912,720 | 768,775 | 716,397 |
| Total | 27,724,313 | 23,454,918 | 21,183,708 |

The following table is a summary of the freight carloadings for the **separate railroads and systems** for the week ended Aug. 30, 1941. During this period 115 roads showed increases when compared with the same week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS
(NUMBER OF CARS)—WEEK ENDED AUG. 30

| Railroads | Total Revenue Freight Loaded | | | Total Loads Received from Connections | |
|---|---|---|---|---|---|
| | 1941 | 1940 | 1939 | 1941 | 1940 |
| **Eastern District—** | | | | | |
| Ann Arbor | 597 | 629 | 644 | 1,425 | 1,290 |
| Bangor & Aroostook | 988 | 776 | 833 | 263 | 203 |
| Boston & Maine | 9,403 | 7,627 | 7,708 | 13,689 | 9,672 |
| Chicago, Indianapolis & Louisville | 1,838 | 1,433 | 1,674 | 2,490 | 2,193 |
| Central Indiana | 17 | 19 | 17 | 69 | 51 |
| Central Vermont | 1,609 | 1,295 | 1,313 | 2,620 | 2,110 |
| Delaware & Hudson | 7,348 | 5,313 | 5,321 | 10,673 | 7,475 |
| Delaware, Lackawanna & Western | 10,403 | 8,050 | 8,946 | 8,571 | 7,210 |
| Detroit & Mackinac | 373 | 380 | 398 | 101 | 131 |
| Detroit, Toledo & Ironton | 2,349 | 1,795 | 1,629 | 1,310 | 1,101 |
| Detroit & Toledo Shore Line | 366 | 274 | 272 | 3,698 | 3,060 |
| Erie | 15,933 | 12,775 | 13,041 | 15,586 | 13,516 |
| Grand Trunk Western | 4.973 | 4,706 | 4,084 | 8,960 | 7,461 |
| Lehigh & Hudson River | 174 | 140 | 192 | 2,671 | 2,115 |
| Lehigh & New England | 2,094 | 1,621 | 1,591 | 1,940 | 1,332 |
| Lehigh Valley | 10,513 | 8,708 | 8,724 | 10,308 | 6,308 |
| Maine Central | 3,542 | 2,690 | 2,593 | 2,566 | 1,903 |
| Monongahela | 6,449 | 5,161 | 3,345 | 374 | 229 |
| Montour | 2,460 | 2,347 | 2,176 | 67 | 25 |
| New York Central Lines | 53,269 | 43,575 | 40,677 | 50,850 | 42,340 |
| N. Y., N. H. & Hartford | 12,266 | 10,256 | 9,731 | 16,171 | 11,638 |
| New York, Ontario & Western | 1,273 | 1,204 | 965 | 2,405 | 1,800 |
| N. Y., Chicago & St. Louis | 7,233 | 5,914 | 6,020 | 14,241 | 10,388 |
| N. Y., Susquehanna & Western | 412 | 328 | 390 | 1,623 | 1,163 |
| Pittsburgh & Lake Erie | 8,992 | 8,080 | 5,695 | 8,408 | 7,470 |
| Pere Marquette | 6,202 | 5,929 | 5,348 | 6,552 | 5,346 |
| Pittsburgh & Shawmut | 751 | 882 | 396 | 45 | 77 |
| Pittsburgh, Shawmut & North | 441 | 418 | 349 | 266 | 246 |
| Pittsburgh & West Virginia | 1,012 | 880 | 880 | 2,593 | 1,910 |
| Rutland | 606 | 724 | 629 | 1,242 | 1,000 |
| Wabash | 6,486 | 5,362 | 5,390 | 10,447 | 8,740 |
| Wheeling & Lake Erie | 6,091 | 4,398 | 4,473 | 4,365 | 3,457 |
| Total | 186,463 | 153,689 | 145,444 | 206,589 | 162,360 |
| **Allegheny District—** | | | | | |
| Akron, Canton & Youngstown | 761 | 541 | 447 | 1,108 | 918 |
| Baltimore & Ohio | 44,052 | 34,932 | 31,572 | 22,134 | 18,230 |
| Bessemer & Lake Erie | 7,284 | 6,268 | 4,670 | 2,201 | 2,676 |
| Buffalo Creek & Gauley | 312 | 343 | 298 | 0 | 1 |
| Cambria & Indiana | 1,944 | 1,502 | 1,474 | 24 | 39 |
| Central R.R. of New Jersey | 9,013 | 6,464 | 5,922 | 16,358 | 11,477 |
| Cornwall | 675 | 672 | 661 | 80 | 52 |
| Cumberland & Pennsylvania | 196 | 200 | 214 | 26 | 37 |
| Ligonier Valley | 117 | 127 | 84 | 38 | 48 |
| Long Island | 957 | 770 | 567 | 3,028 | 2,595 |
| Penn-Reading Seashore Lines | 2,307 | 1,536 | 1,651 | 2,126 | 1 660 |
| Pennsylvania System | 93,898 | 71,497 | 62,157 | 59,777 | 44,375 |
| Reading Co. | 17,278 | 15,000 | 12,889 | 23,469 | 17,350 |
| Union (Pittsburgh) | 19,676 | 19,513 | 11,750 | 6,759 | 6,059 |
| Western Maryland | 4,226 | 3,464 | 3,439 | 9,095 | 6,970 |
| Total | 202,796 | 162,829 | 137,795 | 146,223 | 112,487 |
| **Pocahontas District—** | | | | | |
| Chesapeake & Ohio | 29,233 | 25,846 | 25,562 | 13,445 | 10,991 |
| Norfolk & Western | 24,869 | 22,142 | 20,671 | 6,138 | 5,039 |
| Virginian | 4,931 | 4,265 | 4,513 | 1,838 | 1,357 |
| Total | 59,033 | 52,253 | 50,746 | 21,421 | 17,387 |
| **Southern District—** | | | | | |
| Alabama, Tennessee & Northern | 450 | 249 | 265 | 289 | 265 |
| Atl. & W. P.—W. R.R. of Ala. | 912 | 770 | 787 | 1,925 | 1,521 |
| Atlanta, Birmingham & Coast | 778 | 741 | 603 | 1 017 | 705 |
| Atlantic Coast Line | 10,796 | 9,561 | 9,386 | 6,567 | 5,284 |
| Central of Georgia | 4,855 | 3,953 | 3,850 | 3,753 | 2,733 |
| Charleston & Western Carolina | 435 | 442 | 425 | 1,414 | 1,206 |
| Clinchfield | 1,824 | 1,407 | 1,373 | 2,747 | 2,121 |
| Columbus & Greenville | 336 | 205 | 408 | 381 | 317 |
| Durham & Southern | 203 | 166 | 153 | 451 | 586 |
| Florida East Coast | 426 | 480 | 393 | 898 | 829 |
| Gainsville Midland | 35 | 25 | 31 | 117 | 144 |
| Georgia | 1,266 | 1,036 | 1,007 | 1,773 | 1,639 |
| Georgia & Florida | 345 | 469 | 291 | 577 | 410 |
| Gulf, Mobile & Ohio | 4,365 | 3,297 | x1,782 | 3,595 | 3,316 |
| Illinois Central System | 27,371 | 21,447 | 22,376 | 16,266 | 11,127 |
| Louisville & Nashille | 26,142 | 22,749 | 22,724 | 8,357 | 5,623 |
| Macon, Dublin & Savannah | 214 | 131 | 114 | 676 | 534 |
| Mississippi Central | 232 | 129 | 225 | 390 | 231 |
| Nashville, Chattanooga & St. L. | 3,400 | 3,002 | 2,832 | 3,110 | 2,699 |
| Norfolk Southern | 1,461 | 1,084 | 1,236 | 1,637 | 1.311 |
| Piedmont Northern | 470 | 434 | 397 | 1,375 | 1,140 |
| Richmond Fred. & Potomac | 447 | 371 | 344 | 5,204 | 3,419 |
| Seaboard Air Line | 9,639 | 9,039 | 7,759 | 5,907 | 4,692 |
| Southern System | 25,037 | 21,664 | 20,448 | 18,743 | 14,867 |
| Tennessee Central | 580 | 431 | 441 | 681 | 686 |
| Winston-Salem Southbound | 148 | 164 | 158 | 1,158 | 1,056 |
| Total | 122,167 | 103,451 | 101,519 | 88,968 | 68,461 |
| **Northwestern District—** | | | | | |
| Chicago & North Western | 23,270 | 20,922 | 19,206 | 14,297 | 10,931 |
| Chicago Great Western | 3,218 | 2,504 | 2,562 | 3,420 | 3,065 |
| Chicago, Milw., St. P. & Pac. | 25,299 | 20,902 | 20,994 | 11,569 | 9,384 |
| Chicago, St. P., Minn. & Omaha | 4,587 | 4,237 | 4,498 | 4,706 | 3,878 |
| Duluth, Missable & Iron Range | 24,858 | 20,707 | 14,277 | 319 | 255 |
| Duluth, South Shore & Atlantic | 1,737 | 902 | 1,108 | 499 | 570 |
| Elgin, Joliet & Eastern | 11,038 | 9,695 | 7,072 | 9,238 | 6,377 |
| Ft. Dodge, Des Moines & South | 679 | 576 | 412 | 184 | 204 |
| Great Northern | 26,143 | 24,506 | 21,776 | 4,469 | 3,438 |
| Green Bay & Western | 680 | 516 | 634 | 790 | 620 |
| Lake Superior & Ishpeming | 3,287 | 3,619 | 3,623 | 102 | 63 |
| Minneapolis & St. Louis | 2,262 | 1,851 | 1,921 | 2,458 | 2,041 |
| Minn., St. Paul & S. S. M. | 8,325 | 7,918 | 8,289 | 3,506 | 3,012 |
| Northern Pacific | 13,386 | 11,244 | 11,101 | 5,150 | 3,923 |
| Spokane International | 214 | 351 | 307 | 362 | 327 |
| Spokane, Portland & Seattle | 2,672 | 2,005 | 1,560 | 2,742 | 1,889 |
| Total | 151,655 | 132,455 | 119,340 | 63,812 | 49,982 |
| **Central Western District—** | | | | | |
| Atch. Top. & Santa Fe System | 22,380 | 20,018 | 20,116 | 9,106 | 5,895 |
| Alton | 3,485 | 3,029 | 2,936 | 2,902 | 2,324 |
| Bingham & Garfield | 669 | 610 | 382 | 81 | 82 |
| Chicago, Burlington & Quincy | 18,726 | 15,146 | 15,300 | 11,068 | 8,670 |
| Chicago & Illinois Midland | 2,316 | 2,208 | 1,639 | 986 | 739 |
| Chicago, Rock Island & Pacific | 14,518 | 12,576 | 12,304 | 11,745 | 9,315 |
| Chicago & Eastern Illinois | 3,163 | 2,672 | 2,669 | 3,301 | 2,722 |
| Colorado & Southern | 838 | 692 | 800 | 1,470 | 1,336 |
| Denver & Rio Grande Western | 5,023 | 3,911 | 3,933 | 4,385 | 3,156 |
| Denver & Salt Lake | 816 | 805 | 742 | 26 | 31 |
| Fort Worth & Denver City | 1,181 | 975 | 945 | 1,298 | 983 |
| Illinois Terminal | 2,110 | 1,880 | 1,936 | 2,315 | 1,670 |
| Missouri-Illinois | 1,119 | 974 | 1,279 | 814 | 497 |
| Nevada Northern | 2,050 | 1,943 | 1,652 | 115 | 130 |
| North Western Pacific | 1,267 | 879 | 753 | 558 | 474 |
| Peoria & Pekin Union | 15 | 10 | 16 | 0 | 0 |
| Southern Pacific (Pacific) | 31,243 | 26,867 | 26,030 | 7 491 | 5.109 |
| Toledo, Peoria & Western | 335 | 385 | 291 | 1,674 | 1,289 |
| Union Pacific System | 17,420 | 15,335 | 14,706 | 11,802 | [illegible] |
| Utah | 545 | 297 | 264 | 10 | 9 |
| Western Pacific | 2,072 | 1,927 | 1,929 | 3,183 | 2,273 |
| Total | 131,291 | 113,139 | 111,522 | 74,330 | 55,915 |
| **Southwestern District—** | | | | | |
| Burlington-Rock Island | 286 | 163 | 159 | 234 | 296 |
| Gulf Coast Lines | 3.675 | 3,074 | 2,297 | 2,083 | 1,399 |
| International-Great Northern | 2,210 | 1,947 | 2,018 | 2,454 | 1,926 |
| Kansas, Oklahoma & Gulf | 248 | 241 | 309 | 1,053 | 837 |
| Kansas City Southern | 2,882 | 2,311 | 1,896 | 3,022 | 1,88 |
| Louisiana & Arkansas | 2,524 | 1,950 | 1,831 | 1,994 | 1,468 |
| Litchfield & Madison | 395 | 298 | 330 | 1,554 | 1,016 |
| Midland Valley | 834 | 648 | 691 | 281 | 227 |
| Missouri & Arkansas | 166 | 169 | 157 | 417 | 227 |
| Missouri-Kansas-Texas Lines | 4,507 | 4,333 | 4,718 | 4,095 | 3,004 |
| Missouri Pacific | 16,922 | 14,389 | 14,588 | 12,220 | 8,935 |
| Quanah Acme & Pacific | 109 | 75 | 81 | 150 | 133 |
| St. Louis-San Francisco | 9,218 | 7,471 | 7,270 | 6,363 | 4,916 |
| St. Louis Southwestern | 2,646 | 2,273 | 2,495 | 3,401 | 2,385 |
| Texas & New Orleans | 8 389 | 7.555 | 7,030 | 4,125 | 2,946 |
| Texas & Pacific | 4,165 | 3,895 | 3,937 | 4,699 | 3,258 |
| Wichita Falls & Southern | 118 | 151 | 206 | 51 | 44 |
| Weatherford M. W. & N. W. | 21 | 16 | 18 | 44 | 23 |
| Total | 59,315 | 50,959 | 50,031 | 48,240 | 34,929 |

*Note*—Previous year's figure revised. * Previous figures. x Gulf Mobile & Northern only.

# Petroleum And Its Products

The plans of the petroleum industry and the Office of the Petroleum Coordinator for an immediate start on the construction of the $80,000,000 defense pipeline from Texas to the New York-Philadelphia refining area came to a sudden halt on September 9 when the Supply, Priorities and Allocations Board rejected Petroleum Coordinator Ickes' request for high priorities on 480,000 to 700,000 tons of steel plates on the ground that steel supplies are too limited at present to permit the diversion of such amounts for the construction of a pipeline. Use of seamless tubing for the pipeline as a substitute for the steel plates is being discussed, but this question will not be settled until next week probably.

The pipeline, which was to have been built by eleven major oil companies by an industry-financed National Defense Pipelines, Inc., had the backing of the Petroleum Coordinator, of President Roosevelt, of the War and Navy Departments, of the Office of Civilian Supply and the Office of Production Management. In commenting upon the need for the pipelines in his September 9 appearance before the Senate group investigating the shortage of gas and oil on the East Coast, Deputy Oil Coordinator Davies pointed out that the President and the key defense agencies backing the proposed pipeline did so "because we need them desperately for national defense in order that the most populous area in the United States, with its extreme concentration of industry, would not have to depend for its life blood upon a tenuous 2,000-mile line of ocean tankers, exposed to attack by torpedoes and bombs, which would require incessant patrol and movement by convoy. Nor would it be dependent, as an alternative, upon easily disrupted railroad movement with jammed yards and ponderous burdens in time of war."

The action of the SPAB in refusing high priorities in order to make the needed steel available immediately for a start on the pipeline means that it cannot now possibly be completed in the spring of 1942, as had been planned, and probably now will not be finished until mid-1943. Since neither Mr. Ickes nor Mr. Davies attended the SPAB meeting, there was no passing upon the question of the pipeline itself, merely the ruling that steel needs for other defense industries were of more importance at the present time in view of the short supplies that the pipeline supplies sought. Even should the SPAB approve any plan to build the giant pipeline with seamless tubes, construction would be held down in order that there would be no interference in the construction of shell casings. Two witnesses before the Senate committee investigating the East Coast shortage — Admiral Land, of the Maritime Commission, and J. J. Pelley, President of the American Association of Railroads—had opposed the pipelines on the ground that their respective industries were in need of steel.

The climax of a series of highly contradictory witnesses before the Senate committee came on September 9 when Senator Maloney, Chairman, sought unsuccessfully to force Deputy Oil Coordinator Davies to admit that there actually was no shortage on the East Coast. Starting with an original shortage of 350,000 barrels a day after the original diversion of tankers to Great Britain, Chairman Maloney deducted all of the possible gains in substitute forms of transportation to the East Coast that he could gather from Mr. Davies and wound up with a "surplus" of 80,000 barrels. The Senator counted full utilization of 20,000 additional tank cars in the East Coast area, a 60,000-barrel daily saving from drivers' economies and other figures which oil men regarded at best as highly conjectural. Despite Mr. Davies' insistance that he could not pare his estimate of the daily shortage for the balance of the year below 174,000 barrels, Senator Maloney said "I think that the oil shortage is over on the basis of the hearings to date," adding "I think it is over to the extent that the facilities (for transportation) are available."

And the transportation question was not one of those settled by the Senate group. During the testimony of Mr. Pelley, Mr. Budd, defense transportation expert, C. F. Dowd, Senator Sheridan Downey, of California and Mr. Davies, the Senate heard widely conflicting claims about the number of surplus tank cars available for movement of crude and refined petroleum products in the shortage-stricken East Coast area. About the only definite thing that developed as a result of the airing of the tank car situation was a reduced oil rate traffic schedule which lowered gasoline, fuel and heating oils by 25 per cent and set crude oil rates on a basis of 13 per cent of first class rates, which meant reductions as high as 50 per cent in some instances. The new rates, filed with the ICC on September 9, probably will go into effect within a week and will be effective until December 31, 1942, unless cancelled.

J. J. Pelley, President of the Association of American Railroads, told the Senate committee on September 3 that there were 20,000 idle railroad tank cars that could move from 6,000,000 to 8,000,000 barrels of crude oil

(*Continued on page* 116)

# Petroleum And Its Products

(*Continued from page* 115)

monthly in the East Coast. Mr. Pelley told the Maloney committee that the cars were available "at a moment's notice" and disclosed that the American Petroleum Institute had made a survey of the railroad tank car situation last May and had found there were 20,000 surplus cars available. "Within the past week have seen reports of another study of the tank car situation," he added, "This report was made by a man selected by the tank car owners and lessees, and from the results tabulated to date, it is still evident that there is a surplus of some 20,000 tank cars."

In denying that he had had a request from Deputy Petroleum Coordinator Davies for "any information," Mr. Pelley said that he was surprised to read Mr. Davies' statement that "when one pursues the question of idle equipment with railroad people, one finds a tank car to be one of the most elusive things imaginable." Ralph Budd, defense transportation expert, backed up Mr. Pelley's statement on the following day when he testified that there were sufficient tank cars available to move 200,000 barrels of crude oil to the East Coast daily. Mr. Budd came in for sharp questioning from Senator O'Daniel who brought up the question as to whether or not the whole pipeline situation was a "Trojan horse" to cover the construction of a natural gas pipeline from Texas to the New York-Philadelphia area, which Mr. Budd thought unlikely. Following Mr. Budd came a statement from J. Howard Marshall, counsel for the Office of Petroleum Coordination, which formally notified the committee for the records that the Office of Production Management had the authority to enforce rationing of gasoline to individual consumers in the East, should such action become necessary.

C. F. Dowd, oil traffic expert of the Office of Petroleum Coordinator, challenged the statements of both Mr. Pelley and Mr. Budd when he testified on September 5 that he questioned whether there were 20,000 railroad tank cars not in use and available to carry oil to the East. In commenting upon Mr. Pelley's statements, Mr. Dowd said that the 20,000 tank car figure "is merely an estimate and I would not accept it as a figure. We hope to know within a few days. Leon Henderson, head of the OPACS, recommended the construction of a network of new pipelines to assure adequate supplies of oil within the nation in the event of attack, saying "you can't sink a pipeline". Regardless of whether more tank cars, sea-going tankers and barges are built, Mr. Henderson contended, more pipelines will have to be built. He added that in his estimation the committee should not recess until the gasoline situation has been cleared up, adding "I am not going to feel comfortable as long as I feel there is going to be a relaxation of the very modest curtailment which still leaves us 12 per cent ahead of last year's consumption."

Further attacks upon Mr. Pelley's claims came on September 8 when Senator Sheriden Downey, of California, charged that Mr. Pelley's estimates of idle cars are based upon "vague and misleading" statements, adding that these figures were the result of a year-old survey and already are out-of-date. "The truth is that we are using 15,000 to 20,000 more tank cars than we were using a year ago," Senator Downey said. "The big step up in oil use has occurred in the last six months. If these 20,000 cars are not there, and Pelley says they are there, it is a very serious blow to the morale of our defense program." To substantiate his claims that Pelley's statements were misleading, he produced letters and telegrams from California oil companies saying that they could not get any tank cars to move crude or refined products.

With lower rail rates on movements of crude and refined products established as of September 15, and the appointment of R. P. Russell, car service superintendent of the Pennsylvania Railroad as chief of the Office of Petroleum Coordination's rail transportation section, it is now up to the railroads to prove whether or not the 20,000 idle cars actually exist. The oil companies have promised to use all of the available cars to move crude and refined oil into the East Coast areas, the railroads have cooperated by lowering their prices and the PCO has appointed a veteran railroad man to supervise tank car movements, so only time can give the final answer in this case. It must be remembered, however, that even with the rate reductions, movements by rail cost much more than tanker shipments and the Government is holding down prices of gasoline and other products.

Following a speech at the opening session of the Thirty-Eighth Congress in Mexico City by President Manuel Avilax Camacho in which he declared that settlement of long-standing problems between Mexico and the United States was imminent, reports are current in Washington that an early settlement of the oil dispute may be nearby. One report from the Capital indicated that the two governments had arrived at an understanding, which provided for a down payment of approximately $9,000,000 and further installments, chiefly in oil. This agreement, it was believed, would be presented to the oil companies for their consideration. Thus far, oil companies have not made known their reaction to the reported agreement. Since the bone of contention since the 1938 seizure of the American oil properties under the exproporation decree of the Cardenas Administration has been insistance by the companies of the return of their properties, which definitely is not provided for in the reported agreement, whether or not they will approve the reported setup is problematical.

Other world developments affecting the American petroleum industry included the safe arrival of the three West Coast tankers carrying aviation gasoline to Soviet Russia from California this week. Some uncertainty as to whether the ships would be allowed to proceed to Russia by Japan, which, at the behest of its Axis partner, Nazi Germany, bitterly protested the shipments of war materials to the Soviet Armies, currently locked with the Nazi war machine, from America. However, the strict notice given by both the United States and American governments that any action taken to hamper the movements of the tankers would be considered "unfriendly" apparently paved the way for safe movement of the tankers through the trouble areas.

After having hit a new all-time high of better than 4,000,000 barrels in the previous week, daily average production of crude oil during the week ended September 6 dropped 189,750 barrels to 3,814,950 barrels. The American Petroleum Institute report pointed out this compared with estimated September market demand of 3,960,000 barrels. Texas, with a slump of 196,350 barrels, and Kansas, off nearly 25,000 barrels, offset higher production totals in other States to establish a net loss in crude output during the initial week of September. Stocks of American and foreign crude oil were up 503,000 barrels during the final week of August, rising to 249,413,000 barrels, the Bureau of Mines reported, after having dropped 2,103,000 barrels during the August 23 period. American stocks were up 291,000, and imported inventories up 212,000 barrels.

There were no crude oil price changes.

### *Gasoline Situation*

Contending that the closing of filling stations from 7 p. m. to 7 a. m. "is not in the public interest and is not justified as a means of gasoline conservation," Russell E. Singer, general manager of the American Automobile Association, urged the Senator Maloney committee investigating the East Coast oil situation to recommend the discontinuance of the night-time ban upon motor fuel sales in the Eastern area. Stating that none of the resulting savings in operating costs to the stations as a result of the night shutdowns are being passed along to the consumers, Mr. Singer added that "gasoline consumption figures are concrete evidence that the night closing of stations has not had the effect of reducing consumption."

While admitting that dealers are "happy" under the curfew arrangement, and it is cutting consumption of motor fuel 10 to 12 per cent, Benjamin Jacoby, President of the Associated Gas Retailers of Philadelphia, told the Maloney committee that the price standards set for gasoline by Leon Henderson, price administrator, for some 40 cities in the East "do not allow a living profit" in some instances. Mr. Jacoby had announced a week earlier at the meeting of the representatives of approximately 100,000 service stations in the East at Philadelphia that "we have gathered information which proves there is no shortage and that no shortage is impending" and demanded a "compiete investigation" by the Federal Government.

Small independent gasoline dealers who have had difficulty in obtaining supplies in the Eastern area have been asked to supply information to the Office of Petroleum Coordinaton on any difficulties they have had, and also figures on stocks on hand and sales totals, by Deputy Coordinator Davies. While reminding them that there exists shortages on the East Coast because of the transportation bottleneck created by the transfer of tankers to Great Britain, Mr. Davies informed the smaller operators that it is the policy of the PCO that all marketers of petroleum supplies may receive their proportionate share, without discrimination.

An increase of ½ cent a gallon in Gulf Coast gasoline prices won the tacit approval of the Office of Price Administration and Civilian Supply on September 5 as Leon Henderson notified Gulf Coast refiners that the government would offer "no objection" to their charging 6½ cents a gallon for regular gasoline. On July 16, the OPACS requested refiners to hold the price at 6 cents, pending a study of costs in that area, which was completed last week. It was indicated, however, that the 6½ cent price for regular gasoline will apply only to motor fuel produced by small refiners, which is normally sold in the Gulf Coast area. It is not expected to apply to the larger refineries producing gasoline for shipment to the East Coast or to serve as basis for East Coast prices. The original 6-cent ceiling drew bitter protests from the small refiners, and it was at their behest that the price study, which resulted in the lifting of the ceiling, was carried out by government officials.

Despite the fact that estimated demand for motor fuel during the current month is substantially above that for September, 1940, an order was issued on September 2 by Deputy Coordinator Davies announcing that total gasoline deliveries to all customers in the 17 Atlantic Coast states and District of Columbia would be cut by 10 per cent of the July total. The order was pursuant to the recommendation of the East Coast Marketing Committee, which has been approved by the OPM, and will reduce actual consumption to 600,000 barrels, against indicated demand for 667,000 barrels daily. Since commercial, agricultural and emergency demands will be met in full during this month, deliveries for private motorists will be reduced by 15 per cent of the July consumption.

Mr. Davies told the Maloney committee on September 9 that gasoline rationing in the East had proved successful in reducing consumption and would not be lifted "until we are positive that this may be done safely without risk of precipitating a serious gasoline and fuel famine this winter." Gasoline deliveries in the Eastern area during the week preceding the Labor Day holiday. period by the 17 major oil companies were off to 113,273,947 gallons, against 126,015,076 gallons for the week ended August 22. This decline was the first time that total deliveries were below the base period of July 18 when the Coordinator's office started checking figures for this area. Deliveries for the August 29 week were 2.8 per cent under the July 18 total.

While East Coast stocks of motor fuel showed the effects of the Labor Day holiday, inventories for the country as a whole showed a less-than-seasonal decline, according to the midweek report of the American Petroleum Institute. Higher gasoline production for the initial week of September offset lower refinery operations, and this aided to some degree in offsetting the drain upon stocks of gasoline. A decline of about 460,000 barrels in East Coast stocks cut the total to 19,803,000 barrels, including 648,000 barrels of aviation gas, which compares with 21,930,000 barrels a year ago.

Total holdings of finished, unfinished and aviation gasoline during the week ended September 6 dropped 101,000 barrels to 81,571,000 barrels. Gasoline output rose 61,000 barrels to 13,353,000 barrels, Refinery operations were off 1.8 points to 92.9 per cent, with daily average runs of crude oil to stills dropping 75,000 barrels to 3,995,000 barrels. In the final week of August, stocks of motor fuel were off approximately 900,000 barrels although holdings on the East Coast were up 167,000 barrels, in contrast to lower stocks in the rest of the country. Refinery operations were within striking distance of their July 12 record high, at 94.7 per cent of capacity, or daily average runs of crude to stills of 4,070,000 barrels.

Price changes during the period covered were confined to local readjustments, with the exception of the ½ cent a gallon rise for Gulf Coast bulk prices allowed by the Office of Price Administration and Civilian Supply.

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# Reserve Banks Report On Business

Indications of the trend of business in the various Federal Reserve districts is indicated in the following extracts which we give from the "Monthly Review" of the Federal Reserve Districts of Boston, New York, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, Dallas and San Francisco.

### *First (Boston) District*

The Federal Reserve Bank of Boston reports in its "Monthly Review" of Sept. 1 that "in New England during July the level of general business activity increased over that which prevailed in June, after allowances had been made for customary seasonal changes, and was considerably higher than in July last year, but the volume of construction contracts awarded in this district was 35.3% less than in June and was 36.3% lower than in July, 1940." The "Review" goes on to say in part:

> The sales volume of 117 department stores and apparel shops in New England during July was 22.8% larger than in July, 1940. . . .
>
> The amount of raw cotton consumed during July by mills in New England was 110,080 bales, exceeding the June total of 102,727 bales by 7.2% and the July, 1940, total of 70,592 bales by 55.9%
>
> In Massachusetts the number of wage-earners employed in 2,037 representative manufacturing establishments during July was 1.5% higher than the number employed in these same concerns in June and aggregate weekly payrolls increased 2.4%, according to the Massachusetts Department of Labor and Industries.

### *Second (New York) District*

Judging from preliminary data now at hand, business activity in August appears to have held close to the advanced level reached in July, the Federal Reserve Bank of New York reports in its "Monthly Review" of Sept. 1. In part, the summary added:

> The steel mills again operated within a few percentage points of capacity during August. In connection with the shift to production of new models, automobile production was materially reduced in August. It was reported, however, that many plant's completed the changeover in record time this year, and it is estimated that output was more than double that of Aug. 1940.
>
> According to trade comments, cotton textile mills continued record operations during August. There was an active demand for cotton gray goods, but sales were restricted by the unwillingness of mills to add to their order backlogs. Electric power production rose further in August and the output of bituminous coal appears to have increased somewhat more than usual. Loadings of railway freight during the first three weeks of the month were maintained at about the same rate as in July.

### *Production and Trade in July*

Owing to the continued pressure of defense demands, resistance to the usual summer contraction was shown in many lines of business activity in July, and this bank's seasonally adjusted index of production and trade advanced to 111% of estimated long term trend. This figure compares with 110 in June and 91 in July, 1940. Seasonal factors considered, the most marked gains over June occurred in the production of durable goods, both in the producers' and consumers' categories.

Steel mill operations continued to run at a high rate in July, despite growing concern in the industry over actual or potential shortages of steel scrap and pig iron, and other durable goods industries vitally affected by the defense program, such as aircraft, machinery, and shipbuilding, showed still further gains.

Activity in non-durable goods

(*Continued on page* 117)

# Daily Average Crude Oil Production for Week Ended Sept. 6, 1941, Off 189,750 Barrels

The American Petroleum Institute estimates that the daily average crude oil production for week ended Sept. 6, 1941 was 3,814,950 barrels. This was a decline of 189,750 barrels from the output of the preceding week and the current week's figures were below the 3,960,000 barrels calculated by the U. S. Department of the Interior to be the total of restrictions imposed by the various oil-producing States during September. Daily average production for the four weeks ended Sept. 6, 1941, is estimated att 3,937,100 barrels. The daily average output for the week ended Sept. 7, 1940, totaled 3,623,850 barrels. Further details as reported by the Institute follow:

Imports of petroleum for domestic use and receipts in bond at principal United States ports, for the week ended Sept. 6, totaled 1,542,000 barrels, a daily average of 220,286 barrels, compared with a daily average of 207,143 barrels for the week ended Aug. 30 and 223,036 barrels daily for the four weeks ended Sept. 6. These figures include all oil imported, whether bonded or for domestic use, but it is impossible to make the separation in weekly statistics.

There were no receipts of California oil at Atlantic or Gulf Coast ports during the week ended Sept. 6, 1941.

Reports received from refining companies owning 86.4% of the 4,538,000 barrel estimated daily potential refining capacity of the United States, indicate that the industry as a whole ran to stills, on a Bureau of Mines' basis, 3,995,000 barrels of crude oil daily during the week, and that all companies had in storage at refineries, bulk terminals, in transit and in pipe lines as of the end of the week, 81,571,000 barrels of finished and unfinished gasoline. The total amount of gasoline produced by all companies is estimated to have been 13,353,000 barrels during the week.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

| | † B. of M. Calculated Requirements (September) | State Allowables | Actual Production<br>Week Ended Sept. 6 1941 | Change from Previous Week | 4 Weeks Ended Sept. 6 1941 | Week Ended Sept. 7 1940 |
|---|---|---|---|---|---|---|
| Oklahoma | 489,800 | 428,000 | ‡438,450 | + 10,800 | 427,600 | 421,700 |
| Kansas | 239,800 | 248,800 | ‡229,400 | — 24,900 | 247,250 | 165,750 |
| Nebraska | 5,000 | ------ | ‡7,300 | — 50 | 7,150 | 200 |
| Panhandle Texas | | | 85,300 | + 5,000 | 80,200 | 76,500 |
| North Texas | | | 100,900 | + 300 | 100,550 | 96,200 |
| West Central Texas | | | 30,700 | ------ | 30,750 | 29,650 |
| West Texas | | | 226,250 | — 48,100 | 261,300 | 221,500 |
| East Central Texas | | | 80,650 | — 4,300 | 83,600 | 78,650 |
| East Texas | | | 298,550 | — 71,000 | 351,000 | 374,900 |
| Southwest Texas | | | 181,800 | — 37,400 | 209,650 | 211,200 |
| Coastal Texas | | | 248,800 | — 40,850 | 279,450 | 210,600 |
| Total Texas | 1,378,600 | §1,406,362 | 1,252,950 | —196,350 | 1,397,400 | 1,299,200 |
| North Louisiana | | | 78,450 | — 1,450 | 77,350 | 64,800 |
| Coastal Louisiana | | | 255,400 | + 1,400 | 252,150 | 213,250 |
| Total Louisiana | 324,000 | 328,646 | 333,850 | — 50 | 329,500 | 278,050 |
| Arkansas | 79,000 | 76,013 | 75,100 | + 450 | 74,600 | 73,250 |
| Mississippi | 33,000 | | ‡53,450 | + 2,850 | 50,400 | 28,650 |
| Illinois | 392,500 | | 406,000 | + 14,900 | 387,050 | 380,000 |
| Indiana | 21,400 | | ‡21,050 | + 800 | 20,250 | 18,300 |
| Eastern (not incl. Ill. & Ind.) | 99,800 | | 89,900 | — 5,250 | 91,600 | 90,350 |
| Michigan | 39,500 | | 49,850 | + 2,600 | 45,500 | 52,250 |
| Wyoming | 85,000 | | 77,050 | — 7,700 | 81,450 | 71,100 |
| Montana | 20,200 | | 20,400 | + 50 | 20,350 | 17,750 |
| Colorado | 4,500 | | 5,050 | + 1,150 | 4,150 | 3,600 |
| New Mexico | 113,200 | 113,200 | 113,750 | — 50 | 112,750 | 100,700 |
| Total East of Calif. | 3,325,300 | | 3,173,550 | —200,750 | 3,297,000 | 3,000,850 |
| California | 634,700 | ¶610,000 | 641,400 | + 11,000 | 640,100 | 623,000 |
| Total United States | 3,960,000 | | 3,814,950 | —189,750 | 3,937,100 | 3,623,850 |

† These are Bureau of Mines' calculations of the requirements of domestic crude oil based upon certain premises outlined in its detailed forecast for the month of September. As requirements may be supplied either from stocks, or from new production, contemplated withdrawals from crude oil inventories must be deducted from the Bureau's estimated requirements to determine the amount of new crude oil to be produced.

‡ Okla., Kans., Neb., Miss. and Ind. figures are for week ended 7 a. m. September 3rd.

§ This is the net basic 30-day allowable as of September 1st but experience indicates that it will increase as new wells are completed, and if any upward revisions are made. Panhandle shutdown days are September 7, 14, 21 and 28th; with a few exceptions the rest of the state was ordered shut down on September 1, 6, 7, 13, 14, 20, 21, 27, 28 and 30th.

¶ Recommendation of Conservation Committee of California Oil Producers.

NOTE:—The figures indicated above do not include any estimate of any oil which might have been surreptitiously produced.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE AND GAS AND FUEL OIL, WEEK ENDED SEPT. 6, 1941

(Figures in Thousands of Barrels of 42 Gallons Each)

| District | Daily Refining Capacity | | Crude Runs to Stills | | Gasoline Produc'n at Refineries Incl. Natural Blended | Stocks Finished & Unfinished Gasoline | *Stocks of Gas Oil and Distillates | *Stocks of Residual Fuel Oil | ¶¶Stocks Aviation Gasoline |
|---|---|---|---|---|---|---|---|---|---|
| | Potential Rate | P. C. Reporting | Daily Aver. | P. C. Operated | | | | | |
| East Coast | 673 | 100.0 | 629 | 93.5 | 1,664 | 19,803 | 15,671 | 9,498 | E.Coast |
| Appalachian | 166 | 83.8 | 137 | 98.6 | 472 | 3,005 | 577 | 562 | 648 |
| Ind. Ill. Ky | 752 | 84.4 | 641 | 100.9 | 2,658 | 14,846 | 5,199 | 4,419 | Interior |
| Okla. Kans. Mo. | 413 | 80.7 | 317 | 95.2 | 1,230 | 6,815 | 2,050 | 2,040 | 1,329 |
| Inland Texas | 263 | 63.2 | 134 | 80.7 | 576 | 2,325 | 466 | 1,309 | G. C'st. |
| Texas Gulf | 1,097 | 91.0 | 955 | 95.6 | 3,030 | 11,029 | 6,299 | 8,164 | 3,186 |
| Louisiana Gulf | 156 | 94.2 | 152 | 102.7 | 358 | 3,067 | 1,589 | 1,904 | |
| No. La. & Arkansas | 95 | 49.9 | 48 | 102.1 | 138 | 401 | 342 | 417 | Calif. |
| Rocky Mountain | 136 | 50.1 | 51 | 75.0 | 233 | 1,021 | 132 | 426 | 1,656 |
| California | 787 | 90.9 | 579 | 81.0 | 1,659 | 13,759 | 12,612 | 64,886 | |
| Reported | | 86.4 | 3,643 | 92.9 | 12,018 | 76,071 | 44,937 | 93,625 | 6,819 |
| Est. Unreported | | | 352 | | 1,335 | 5,500 | 1,190 | 1,500 | 365 |
| †Est. tot. U. S. | | | | | | | | | |
| Sept. 6, 1941 | 4,538 | | 3,995 | | 13,353 | §81,571 | 46,127 | 95,125 | 7,184 |
| Aug. 30, 1941 | 4,538 | | 4,070 | | 13,292 | 81,672 | 45,351 | 95,052 | 7,268 |
| U. S. B. of M. | | | | | | | | | |
| †Sept. 6, 1940 | | | ‡3,568 | | ¶11,791 | 83,402 | 45,672 | 107,267 | 5,820 |

†Estimated Bureau of Mines' basis. ‡August-September 1940 daily average. ¶This is a week's production based on the U. S. Bureau of Mines August-September 1940 daily average. §Finished 73,701,000 bbl.; unfinished 7,870,000 bbl.

* At refineries, bulk terminals, in transit and in pipelines.

¶¶Included in finished and unfinished gasoline total.

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# Reserve Banks Report On Business

(Continued from page 116)

industries was little changed from June, seasonal factors considered, but was substantially higher than in July, 1940. The rate of mill consumption of cotton was slightly higher in July than in June, although in most years a pronounced decline occurs.

During the crop year ended July 31, 1941 mill consumption of cotton exceeded that in the previous peak year (ended July 31, 1937) by more than 20%. Wool consumption, on the other hand, appears to have been somewhat lower than in June, although more than half again as large as in July, 1940. As reflected in the figures for railway freight car loadings, seasonally adjusted, the rate of flow of goods through primary distribution channels was about unchanged from June to July.

Retail trade made a favorable showing in July, considering the usual midsummer slackness. Sales of department stores and mail order houses were off considerably less than seasonally, while about the expected decline occurred in the case of variety chain store sales. Retail sales of automobiles, although lower than in June, reached the largest volume for any July since 1929.

(Adjusted for seasonal variations and estimated long term trend; series reported in dollars are also adjusted for price changes.)

| | 1940 July | 1941 May | 1941 June | 1941 July |
|---|---|---|---|---|
| Index of Production and Trade | 91 | 109 | 110§ | 111§ |
| Production of: | | | | |
| Producers' durable goods | 90† | 121 | 124§ | 129§ |
| Producers' nondurable goods | 97† | 119 | 121§ | 122§ |
| Consumers' durable goods | 68 | 95 | 104§ | 108§ |
| Consumers' nondurable goods | 96† | 105 | 106§ | 105§ |
| Primary distribution | 89 | 106 | 104§ | 104§ |
| Distribution to consumer | 93† | 107 | 104§ | 106§ |
| Industrial Production | | | | |
| Steel† | 114 | 127 | 131 | 133 |
| Automobiles | 78 | 121 | 131 | 150 |
| Bituminous coal | 98† | 122 | 125 | 117§ |
| Crude petroleum | 86 | 86 | 87 | 85§ |
| Electric power | 99 | 111 | 113§ | 115§ |
| Cotton consumption | 113 | 148 | 152 | 167 |
| Wool consumption† | 103 | 198 | 196 | 182§ |
| Shoes | 103† | 126 | 133§ | 132§ |
| Meat packing | 97 | 112 | 105 | 106 |
| Tobacco products | 89 | 100 | 99 | 96 |
| Manufacturing Employment | | | | |
| Employment | 95† | 112 | 116 | 120§ |
| Man-hours of employment | 89 | 115 | 119 | 121§ |
| Construction | | | | |
| Residential building contracts | 55 | 59 | 67 | 73 |
| Nonresidential building and engineering contracts | 71 | 94 | 88 | 93 |
| Primary Distribution | | | | |
| Ry. freight car loading, mdse, and misc. | 84 | 102 | 103 | 103 |
| Ry. freight car loading, other | 95 | 117 | 117 | 116 |
| Exports | 108 | 117 | 103 | --- |
| Imports | 81 | 96 | 94 | --- |
| Distribution to Consumer | | | | |
| Department store sales (U.S.) | 91 | 102 | 99 | 108 |
| Grocery chain store sales | 96 | 99 | 99 | 98§ |
| Variety chain store sales | 95 | 110 | 109 | 108 |
| Mail order house sales | 94 | 112 | 108§ | 111§ |
| New passenger car sales† | 88 | 131 | 118 | 100 |
| Velocity of Deposits* | | | | |
| Velocity of demand deposits, outside New York City (1919-25 aver. = 100) | 53 | 58 | 60 | 57 |
| Velocity of demand deposits, New York City (1919-25 average = 100) | 24 | 25 | 27 | 26 |
| Cost of Living and Wages* | | | | |
| Cost of living (1935-39 average = 100) | 104 | 107 | 108 | 109§ |
| Wage rates (1926 average = 100) | 114 | 120 | 122 | 123§ |

§ Preliminary. † Revised; in the cases of steel, wool and new passenger car sales, the series have been revised. * Not adjusted for trend.

*Third (Philadelphia) District*

It is reported by the Federal Reserve Bank of Philadelphia, in its "Business Review" of Sept. 1, that "trade and industrial activity in the Third Federal Reserve District continue well sustained, although there is ordinarily some lull during this season." The Bank also had the following to say:

> The movement of freight is the heaviest for this season in over a decade. Buying by both retailers and consumers is exceptionally active. Prices continue firm and in many lines are rising further. . . .
>
> Manufacturing activity in this District in July was maintained at the high levels prevailing the month before, although there is ordinarily a decline in this period. Improvement was particularly marked in the heavy goods industries, owing to defense requirements and continued strong consumer buying. Further gains, after considering the usual seasonal change, were reported in a wide variety of non-durable goods industries. Production of coal was reduced less than usual in the month. The output of crude oil and electric power was expanded.

*Fourth (Cleveland) District*

The Federal Reserve Bank of Cleveland indicates in its Aug. 30th "Monthly Business Review" that an "increasing number of dislocations in industrial operating schedules has been noted in the Fourth District during recent weeks as additional output of basic industries is devoted to purposes closely related to defense." Regarding business, the Bank said:

> An extraordinarily large amount of building and engineering work was contracted for in this district the last week in July. For the entire month, dollar volume was at a 14 year peak. Much of this construction was publicly-financed.
>
> Industrial employment in many of the principal manufacturing centers of the district was increased somewhat further during July, in several instances to new high levels. Hours were reduced in a few cases, with the result that aggregate payrolls in some localities were smaller in July than in June.
>
> Retail trade has continued to expand contra-seasonally. July dollar sales at reporting Fourth District department stores, on a seasonally adjusted basis, were at an all-time high level, exceeding the late 1929 peak by a substantial margin.

*Fifth (Richmond) District*

The Aug. 31 "Monthly Review" of the Federal Reserve Bank of Richmond indicates that seasonal recessions in trade and industry in July in the Fifth Federal Reserve District were much less noticeable than in most years, and in a few instances actual increases occurred. In comparison with business a year ago, last month showed marked improvement in nearly every line. The following is also from the "Review":

> Distribution of goods to consumers usually is in substantially smaller amount in July than in June, but this year decreases were relatively small. Department store sales in 79 stores declined 15% from June to July, but in the latter month were 29% higher than July 1940 sales. Furniture stores sold slightly more in July than in the preceding month, and exceeded sales in July 1940 by 47%. Wholesale trade as reflected in 201 firms rose 5% last month over June trade, and was 43% above July 1940 business.
>
> In industry, no outstanding development occurred in July in the Fifth district. Textile mills continued capacity operations, and consumed 46% more cotton than in the corresponding month last year, and rayon yarn mills for the fourth consecutive month shipped more yarn than they could make and were compelled to draw further on already small reserve stocks. Bituminous coal mined in July exceeded July 1940 production by 21%, and, contrary to seasonal trend, also exceeded June output. Shipyards, airplane plants, and all other industries engaged on defense work continued at capacity levels last month.

*Sixth (Atlanta) District*

The following regarding business conditions in the Sixth Reserve District was reported in the Aug. 31 "Monthly Review" of the Federal Reserve Bank of Atlanta:

> Sixth District department store sales declined in July but by only about half the usual amount, and on a seasonally adjusted basis were at a new high level in the 22-year series. Wholesale distribution increased in July much more than it usually does, building permits increased substantially, and another new high record was reached in textile activity in the District. Construction contracts awarded in July declined somewhat in comparison with the totals for April, May and June, and production of coal and pig iron were also down from June. With the exception of construction contract awards, however, all of these series were well above the levels of the corresponding period last year.

*Seventh (Chicago) District*

In the Aug. 29 issue of "Business Conditions" the Federal Reserve Bank of Chicago states that "although stresses and strains are beginning to appear in the industrial structure because of unequal development as production and trade continue to surge upward, controls are being put into effect in an attempt to avoid serious maladjustments." The Bank further reports:

> Volume of construction awards, which ordinarily remains level during July, reached a peak second only to that in March of this year, due principally to an expansion of industrial plants financed to a large extent by public funds. Despite seasonal influences, employment in the Seventh District during July was maintained at the high level prevailing in June, although wage payments were off slightly. Increased industrial activity is finding expression in retail trade which is moving upward in both physical volume and dollar amount. In fact, Seventh District retail trade during July showed less tendency to respond to seasonal factors than it has at any time since 1922.

*Eighth (St. Louis) District*

The Federal Reserve Bank of St. Louis reports that in many lines of industry and trade in the Eighth District new high levels were recorded during July and the first part of August. From the Bank's Aug. 30th "Business Conditions" the following is also learned:

> During July the rate of industrial production remained virtually unchanged instead of receding as is usual for this period. As expected, industries supplying materials for national defense showed the greatest gains. Chemicals, machinery, aircraft, leather goods, ordnance, and explosives continued to advance. Production was considerably behind orders in many lines. Building activity in this area in July was at a very high level.

(Continued on page 118)

# Reserve Banks Report On Business

(Continued from page 117)

### *Ninth (Minneapolis) District*

The Aug. 28th "Monthly Review" of the Federal Reserve Bank of Minneapolis reports the following:

Business volume in July resumed its upward trend and was about equal to the high level of 1929. Farm prices and farmers' cash income continued to advance. City bank deposits and July sales at city department stores reached all time highs. Rural bank debits and construction contracts in the district were the largest on record for the month.

### *Tenth (Kansas City) District*

The following regarding business conditions in the Tenth Federal Reserve District is taken from the Aug. 30th "Monthly Review" of the Federal Reserve Bank of Kansas City:

Trade activity continues to accelerate, wholesale sales in July being 33% and retail sales 22% above last year. Wholesale and retail inventories are about 15% larger than a year ago.

July moisture in the District was somewhat below normal but for the first 7 months of 1941 it was 12% above normal. The wheat crop was about 15% above average. Even with a restricted acreage, the District has about a normal corn crop and one as large as last year. Other crop conditions are excellent.

Coal and flour production and lead shipments are very large. Pay rolls are about a quarter higher than a year ago and have gained much faster than employment. Construction of all kinds continues very active.

### *Eleventh (Dallas) District*

According to the Dallas Federal Reserve Bank, business and industrial activity in the Eleventh District, which had made pronounced gains during the first year of the National defense program, was well sustained in July. In its Sept. 1 "Monthly Business Review" the Bank in comments also said:

Employment and payrolls continued to expand and department store trade was at the highest level of record for that particular month. Retailers in general made heavy purchases at wholesale establishments in order to meet current and anticipated consumer demands. Construction activity, as measured by the value of contracts awarded, increased moderately from June to July, and the demand for lumber at pine mills in this district showed an increase during the latter month much greater than is usual at that season. Crude petroleum output was reduced somewhat in July because of lower production allowables, but increased during the first half of August; the rate of refinery operations established a new peak in July.

### *Twelfth (San Francisco) District*

"Under the unremitting pressure of the defense effort, economic activity in the Twelfth Federal Reserve District advanced further in July and early in Aug. to better the record levels attained earlier in the year," it was noted in the San Francisco Federal Reserve Bank's "Monthly Review" of Aug. 27, which further said:

Important industries in the area were free of work stoppages occasioned by disputes between labor and management, and industrial operations continued to expand. Accompanying the expansion of industrial operations, factory employment and payrolls in the three Pacific Coast states increased further. Employment and payrolls in California, on a seasonally adjusted basis, gained

(Continued on page 127)

# Steel Shortage May Cause Postponement Of Many Semi-Defense Projects—Output Higher

The "Iron Age" in its issue of Sept. 11 reported that because large amounts of steel cannot be spared without slowing down vital phases of the defense program, some of the big semi-defense projects which have been talked about face restriction, postponement or abandonment.

Likelihood of the nation's railroads obtaining the balance of their 1941 rails as well as 1942 requirements at anywhere near the time needed grows fainter each day. Rail mills are overtaxed with orders for munitions steel and structural shapes, and mill operators are bound to fill highest defense orders first. The plan to build 25 new ore vessels on the Great Lakes may be cut down because of the steel involved.

The speeding up of the priority system and the creation of the new OPM division of contract distribution are two moves of the past week being lauded by steel consumers, particularly small metal working plants.

A misleading and ominous quiet pervaded most iron and steel scrap markets last week but with consumption continuing full blast and no adequate solution toward procuring more open market scrap, the situation seemed about two weeks away from another climax.

The flow of incoming business to steel mills in the past week contracted somewhat, with nearly all producers noting a decline in the volume of new specifications. In the light of the great defense backlogs, this tapering has little significance.

With a lack of scrap and pig iron continuing to bar still higher steel output, operations rose a point this week to 97½%. This compared with 96½% last week and 97 in the pre-holiday week.

Sharply increased rolling of semi-finished steel for export lifted production of iron and steel products in July 24% over the June total, according to the American Iron and Steel Institute. Production for export in July totaled 430,493 tons, compared with 327,357 tons in June, the gain being due chiefly to a jump in output for export of ingots, blooms, billets, slabs, etc. to 169,575 tons. The institute's figures show that, as yet, conversion of sheet mills to plate production has not had any notable effect upon the rate of sheet production.

On last Tuesday pig iron producers received their long awaited September pig iron schedules which had been examined and revised by the OPM in accordance with the iron priority order. The entire September production of pig iron has been allocated and practically all the material is slated for shipment to consumers carrying a defense rating. In a small number of cases essential civilian requirements have been partly taken care of. As expected, the entire pool of 2%, the amount which each producer is to lay aside during September, has also been allocated, most of it going to non-integrated steel companies short of pig iron and to foundries with heavy defense business. Considerable revision is said to have been done on some of these pig iron schedules, the OPM eliminating some shipments and adding others.

Already some controversy has appeared within the industry over the fact that some pig iron producers have been instructed to deliver pig iron to points distant from the point of production, necessitating substantial freight rate absorption.

Coke pig iron production in August reached a new high, totaling 4,791,432 net tons, compared with 4,770,778 tons in July, according to reports to the "Iron Age." Output on a daily basis increased slightly from 153,896 tons a day in July to 154,562 tons in August. On Sept. 1 there were 213 furnaces in blast.

Fabricated structural steel awards of 19,850 tons are slightly lower than a week ago. The largest lettings are 11,600 tons at Marion, Okla., for an air depot for the War Department, 2,500 tons for eight cranes for the Navy Department at various locations and 1,200 tons for an assembly building for the Lockheed Aircraft Corp. at Burbank, Cal. New structural steel projects declined to 20,100 tons from 25,750 tons last week. New jobs reported include 12,000 tons for Boeing Aircraft buildings at Renton, Wash. Reinforcing steel awards of 53,345 tons are swelled by 36,000 tons for Navy defense construction on Pacific Islands. New reinforcing projects call for only 2,135 tons.

### THE "IRON AGE" COMPOSITE PRICES

**Finished Steel**

Sept. 9, 1941, 2.30467c. a Lb.

| | |
|---|---|
| One week ago | 2.30467c. |
| One month ago | 2.30467c. |
| One year ago | 2.30467c. |

A weighted index based on steel bars, beams, tank plates, wire, rails, black pipe, hot and cold-rolled sheets and strip. These products represent 78% of the United States output.

| | High | | Low | |
|---|---|---|---|---|
| 1941 | 2.30467c. | Sep 2 | 2.30467c. | Sep 2 |
| 1940 | 2.30467c. | Jan 2 | 2.24107c. | Apr 16 |
| 1939 | 2.35367c. | Jan 3 | 2.26689c. | May 16 |
| 1938 | 2.58414c. | Jan 4 | 2.27207c. | Oct 18 |
| 1937 | 2.58414c. | Mar 9 | 2.32263c. | Jan 4 |
| 1936 | 2.32263c. | Dec 28 | 2.05200c. | Mar 10 |
| 1935 | 2.07642c. | Oct 1 | 2.06492c. | Jan 8 |
| 1934 | 2.15367c. | Apr 24 | 1.95757c. | Jan 2 |
| 1933 | 1.95578c. | Oct 3 | 1.75836c. | May 2 |
| 1932 | 1.89196c. | Jly 5 | 1.83901c. | Mar 1 |
| 1931 | 1.99629c. | Jan 13 | 1.86586c. | Dec 29 |
| 1930 | 2.25488c. | Jan 7 | 1.97319c. | Dec 9 |
| 1929 | 2.31773c. | May 28 | 2.26498c. | Oct 29 |

**Pig Iron**

Sept. 9, 1941, $23.61 a Gross Ton

| | |
|---|---|
| One week ago | $23.61 |
| One month ago | 23.61 |
| One year ago | 22.61 |

Based on averages for basic iron at Valley furnaces and foundry iron at Chicago, Philadelphia, Buffalo, Valley and Southern iron at Cincinnati.

| | High | | Low | |
|---|---|---|---|---|
| 1941 | $23.61 | Mar 20 | $23.45 | Jan 2 |
| 1940 | 23.45 | Dec 23 | 22.61 | Jan 2 |
| 1939 | 22.61 | Sep 19 | 20.61 | Sep 12 |
| 1938 | 23.25 | Jun 21 | 19.61 | Jly 6 |
| 1937 | 23.25 | Mar 9 | 20.25 | Feb 16 |
| 1936 | 19.74 | Nov 24 | 18.73 | Aug 17 |
| 1935 | 18.84 | Nov 5 | 17.83 | May 14 |
| 1934 | 17.90 | May 1 | 16.90 | Jan 27 |
| 1933 | 16.90 | Dec 5 | 13.56 | Jan 3 |
| 1932 | 14.81 | Jan 5 | 13.56 | Dec 6 |
| 1931 | 15.90 | Jan 6 | 14.79 | Dec 15 |
| 1930 | 18.21 | Jan 7 | 15.90 | Dec 16 |
| 1929 | 18.71 | May 14 | 18.21 | Dec 17 |

**Steel Scrap**

Sept. 9, 1941, $19.17 a Gross Ton

| | |
|---|---|
| One week ago | $19.17 |
| One month ago | 19.17 |
| One year ago | 19.92 |

Based on No. 1 heavy melting steel scrap quotations to consumers at Pittsburgh, Philadelphia, and Chicago.

| | High | | Low | |
|---|---|---|---|---|
| 1941 | $22.00 | Jan 7 | $19.17 | Apr 10 |
| 1940 | 21.83 | Dec 30 | 16.04 | Apr 9 |
| 1939 | 22.50 | Oct 3 | 14.08 | May 16 |
| 1938 | 15.00 | Nov 22 | 11.00 | Jun 7 |
| 1937 | 21.92 | Mar 30 | 12.92 | Nov 10 |
| 1936 | 17.75 | Dec 21 | 12.67 | Jun 9 |
| 1935 | 13.42 | Dec 10 | 10.33 | Apr 29 |
| 1934 | 13.00 | Mar 13 | 9.50 | Sep 25 |
| 1933 | 12.25 | Aug 8 | 6.75 | Jan 3 |
| 1932 | 8.50 | Jan 12 | 6.43 | Jly 5 |
| 1931 | 11.33 | Jan 6 | 8.50 | Dec 29 |
| 1930 | 15.00 | Feb 18 | 11.25 | Dec 9 |
| 1929 | 17.58 | Jan 29 | 14.08 | Dec 3 |

The American Iron and Steel Institute on Sept. 8 announced that telegraphic reports which it had received indicated that operating rate of steel companies having 91% of the steel capacity of the industry will be 96.9% of capacity for the week beginning Sept. 8, compared with a revised figure of 96.3% one week ago, 95.6% one month ago (likewise revised) and 91.9% one year ago (unrevised). This represents an increase of 0.6 points, or 0.6%, from the preceding week. Weekly indicated rates of steel operations since Sept. 2, 1940, follow:

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 1940— | | Dec 2 | 96.9% | Mar 3 | 97.5% | Jun 9 | 98.6% |
| Sep 2 | 82.5% | Dec 9 | 96.0% | Mar 10 | 98.8% | Jun 16 | 99.0% |
| Sep 9 | 91.9% | Dec 16 | 96.8% | Mar 17 | 99.4% | Jun 23 | 99.9% |
| Sep 16 | 92.9% | Dec 23 | 80.8% | Mar 24 | 99.8% | Jun 30 | x91.8% |
| Sep 23 | 92.5% | Dec 30 | 95.9% | Mar 31 | 99.2% | Jly 7 | x94.9% |
| Sep 30 | 92.6% | 1941— | | Apr 7 | 99.3% | Jly 14 | x95.2% |
| Oct 7 | 94.2% | Jan 6 | 97.2% | Apr 14 | 98.3% | Jly 21 | x96.0% |
| Oct 14 | 94.4% | Jan 13 | 98.5% | Apr 21 | 96.0% | Jly 28 | x97.6% |
| Oct 21 | 94.9% | Jan 20 | 96.5% | Apr 28 | 94.3% | Aug 4 | x96.3% |
| Oct 28 | 95.7% | Jan 27 | 97.1% | May 5 | 93.8% | Aug 11 | x95.6% |
| Nov 4 | 96.0% | Feb 3 | 96.9% | May 12 | 99.2% | Aug 18 | x96.2% |
| Nov 11 | 96.1% | Feb 10 | 97.1% | May 19 | 99.9% | Aug 25 | x96.5% |
| Nov 18 | 96.6% | Feb 17 | 94.6% | May 26 | 98.6% | Sep 2 | x96.3% |
| Nov 25 | 96.6% | Feb 24 | 96.3% | Jun 2 | 99.2% | Sep 8 | 96.9% |

x The revisions in the rates published for previous weeks reflect the recently announced increased capacity of the industry, rated as of June 30, 1941.

"Steel" of Cleveland, in its summary of the iron and steel markets on September 8, stated:

While the priority situation is clearing it is believed at least a fortnight will be required to eliminate rather widespread uncertainties. Lack of full understanding by many consumers in making out prescribed forms is adding to work of steelmakers and retarding booking of new orders.

One effect of information obtained under the priority order is to reduce shipments to consumers with large inventories, some being refused tonnage in September inasmuch as their reports indicate sufficient on hand for the entire month. Strict inventory control is expected to prevent uneven distribution.

Unbalanced deliveries have caused accumulations by Army and Navy, and other consumers, while material was lacking for other defense purposes. At the same time steelmakers claim that most of their customers have only normal supply or less. Some tonnage on mill books represents duplicate buying and wherever this is revealed it will be canceled, thus reducing mill backlogs.

Consumers in many instances are aiding to unscramble the situation by filing PD-73 forms against old orders, instead of taking the full time allowed under M-21 orders, in which the deadline was Oct. 15. Many sellers say a majority, up to 100 per cent in some cases, have responded.

Warehouse priority rating of A-9 has been applied, under a new OPM order, M-21-B, which is expected to relieve the situation considerably and afford opportunity for suppliers to obtain material to rebuild their broken assortments, on a quota basis. This order is expected to expedite filing of forms by consumers, which will afford suppliers information on which to base their orders to mills, indicating uses to which the steel is to be put.

August pig iron production, 4,784,639 net tons, set a new all-time record, exceeding the previous high mark in July by 18,423 tons, a gain of 0.4 per cent. The daily production rate in August was 154,343 tons, an increase of 594 tons over the July rate, setting another record. One additional stack was in production, making the total 213.

Following announcement by Office of Price Administration that ceiling prices on scrap would be enforced strictly, considerable activity resulted in preparing and shipping available scrap from yards, presumably at higher prices. This was followed by almost complete cessation of movement as the industry sought to determine its position. Most dealers and consumers continue to believe higher prices are the only factor which will increase flow of scrap and point to the fact that a larger tonnage appeared when ceiling prices were disregarded in August. The situation is becoming alarming to steelmakers, who approach the winter season with reserves far below normal, supply restricted and consumption at a record rate.

Automotive production last week was 32,940 units, compared with 39,965 the preceding week. In the corresponding period last year production was 39,665 units. This is the first time in a number of weeks that output was below the comparable week last year. Incidence of Labor day probably accounts for the dip.

Due to some Labor day idleness and necessity for repairs steel production last week declined 1 point to 95½%. A higher rate is expected this week. Cleveland increased production 2 points to 95%, Wheeling 1 point to 94 and Cincinnati 1 point to 89. Chicago lost ½-point to 100%; Eastern Pennsylvania ½-point to 95; Buffalo 2½ points to 90½; Detroit 6 points to 86; Pittsburgh 2 points to 98 and Youngstown 2 points to 96. Unchanged were Birmingham at 95, St. Louis 98 and New England 90.

Iron and steel imports in June, 3717 gross tons, were twice the volume of May, but not equal to those of June, 1940. Imports for six months are also below first half last year, 10,708 tons this year, against 38,788 tons a year ago. Scrap imports in June were also above those of May, 6473 tons, compared with 3758 tons, material coming principally from Cuba and Canada.

Under ceiling prices composites are frozen and remain at the level of the past several weeks: Finished steel, $56.60; steel and iron, $38.15; steelmaking scrap, $19.16.

Steel ingot production for the week ended Sept. 8, is placed at 96½% of capacity, unchanged from the previous week, according to the "Wall Street Journal" of Sept. 11. Two weeks ago the industry was at 97%. The "Journal" further reported:

U. S. Steel is estimated at 96%, against 97% in the week before and 95½% two weeks ago. Leading independents are credited with 97%, compared with 96% in the preceding week and 97½% two weeks ago.

The following table gives a comparison of the percentage of production with the nearest corresponding week of previous years, together with the approximate changes, in points, from the week immediately preceding:

| | Industry | | U. S. Steel | | Independents | |
|---|---|---|---|---|---|---|
| 1941 | 96½ | | 96 | — 1 | 97 | + 1 |
| 1940 | 84 | — 7½ | 79 | —14½ | 88 | — 2½ |
| 1939 | 60 | — 3½ | 47½ | —10 | 71 | + 1 |
| 1938 | 45 | + 4 | 38 | + 3 | 51 | + 5 |
| 1937 | 79½ | + 6½ | 78½ | + 8½ | 80 | + 5 |
| 1936 | 71 | + 2 | 68 | + 1½ | 73½ | + 2½ |
| 1935 | 52 | + 2 | 42 | + 1 | 60 | + 2½ |
| 1934 | 21 | + 1 | 19½ | + 1½ | 22 | — ½ |
| 1933 | 40 | — 2 | 38 | — 2 | 41 | — 2½ |
| 1932 | 15 | | 14 | | 15½ | |
| 1931 | 30 | + 1½ | 33 | + 2 | 28 | + 2 |
| 1930 | 58 | + 2 | 65 | + 2 | 52 | + 1 |
| 1929 | 84½ | — 1½ | 88 | — 3 | 81 | — 1 |
| 1928 | 80 | + 2 | 79 | + 2 | 81 | + 2½ |
| 1927 | 62 | — 3 | 64 | — 3 | 60 | — 3 |

# Bond Prices Are Mixed

A consistent absence of fluctuation has characterized the bond averages in the upper rating groups this week but lower grades revealed some tendency to decline. Treasury issues have been virtually at a standstill.

Some weakness has prevailed among high-grade rail bonds with trading in this group of light volume. Oregon Short Line 5s, 1946, declined ¼ to 113⅞. Medium-grade rails as a group have displayed little change but weakness developed at the close. Speculative rail issues have been actively traded at the beginning of the week with lower prices the general tendency. In some instances the junior issues of various "problem" roads sank to new lows. New York Central 4½s, 2013, dropped to a new low of 53⅛, off 1½ points, Northern Pacific 4½s, 2047, registered a new low of 49 to close at 49¼, a loss of ⅛. Defaulted rail issues, in sympathy with lower stock prices, registered wide losses. While there has been comparatively little equipment trust financing during the week, announcement was made of a new $14,737,000 St. Paul Union depot issue to retire the company's 5s, 1972.

Utility bonds have drifted rather aimlessly although recently all classes tended to ease fractionally. Activity has been restricted although sizable interest has been shown in the International Tel. & Tel. deb. 4½s, 1952, and 5s, 1955, and the Interstate Power 6s, 1952.

Mixed changes have been the rule in the industrial section of the list, with perhaps the up side favored. Steel company obligations have been generally steady to fractionally higher with the exception of the Youngstown bonds which showed small fractional losses. Oils have been generally steady and coal bonds showed moderate strength as was the case with shipping company obligations, the International Mercantile Marine 6s, 1941, having gained 1½ points at 91½. A strong spot developed in sugars, with the Francisco 6s, 1956, gaining 4 points at 65½. Among retail selling company obligations the Childs Company 5s, 1943, continued weak but the United Drug 5s, 1953, strengthened. In the liquor section the Hiram Walker 4¼s, 1945, declined on notice of redemption. The McKesson & Robbins 3½s, 1956, commenced trading at 103½.

The foreign bond market continues in a more cheerful mood. There have been some spectacular advances in Norwegian short term loans, the 6s, 1944, soaring 23 points to 84 with minor gains among the longer-term issues. Haiti 6s rising 10 points have been another strong spot and Panama 3½s reached new high ground. Colombian issues continued to attract speculative buying and other Latin American loans remained steady at recently improved levels. Australian bonds advanced fractionally and Canadian loans have been steady. A late rally in Japanese bonds advanced the 6½s four points.

Moody's computed bond prices and bond yield averages are given in the following tables:

MOODY'S BOND PRICES †
(Based on Average Yields)

| 1941 Daily Averages | U. S. Govt. Bonds | Avge. Corporate * | Corporate by Ratings * | | | | Corporate by Groups * | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | Aaa | Aa | A | Baa | R. R. | P. U. | Indus |
| Sept. 9 | 119.11 | 107.80 | 118.20 | 114.85 | 108.88 | 91.91 | 97.16 | 112.00 | 115.43 |
| 8 | 119.13 | 107.80 | 118.20 | 114.85 | 108.70 | 92.06 | 97.16 | 112.00 | 115.24 |
| 6 | 119.18 | 107.80 | 118.20 | 114.85 | 108.70 | 92.06 | 97.16 | 112.00 | 115.24 |
| 5 | 119.13 | 107.80 | 118.20 | 114.85 | 108.88 | 95.06 | 97.31 | 112.00 | 115.24 |
| 4 | 119.16 | 107.80 | 118.20 | 114.85 | 108.88 | 92.06 | 97.16 | 112.00 | 115.43 |
| 3 | 119.13 | 107.80 | 118.20 | 114.66 | 108.88 | 92.06 | 97.16 | 112.00 | 115.43 |
| 2 | 119.13 | 107.80 | 118.20 | 114.66 | 108.88 | 92.06 | 97.16 | 112.00 | 115.43 |
| 1 | Stock Exchange Closed | | | | | | | | |
| Aug. 29 | 119.14 | 107.80 | 118.40 | 114.85 | 108.88 | 91.77 | 97.16 | 111.81 | 115.43 |
| 22 | 118.78 | 107.62 | 118.00 | 114.66 | 108.70 | 91.77 | 97.16 | 112.00 | 115.04 |
| 15 | 118.90 | 107.80 | 118.00 | 115.04 | 108.70 | 91.91 | 97.31 | 112.00 | 115.04 |
| 8 | 119.20 | 107.98 | 118.20 | 115.24 | 108.70 | 92.20 | 97.47 | 112.00 | 115.24 |
| 1 | 119.56 | 107.80 | 118.20 | 115.24 | 108.52 | 92.06 | 97.47 | 112.00 | 115.24 |
| July 25 | 119.55 | 107.80 | 118.00 | 115.24 | 108.52 | 92.06 | 97.47 | 112.00 | 115.04 |
| 18 | 119.47 | 107.62 | 118.20 | 115.04 | 108.34 | 91.91 | 97.46 | 112.00 | 115.04 |
| 11 | 119.46 | 107.62 | 118.20 | 115.04 | 108.16 | 91.91 | 97.16 | 111.81 | 115.04 |
| 3 | 119.55 | 107.44 | 118.00 | 114.66 | 107.98 | 91.77 | 97.00 | 111.62 | 114.85 |
| June 27 | 119.45 | 107.44 | 118.00 | 114.66 | 107.80 | 91.77 | 97.16 | 114.44 | 114.66 |
| 20 | 119.02 | 107.09 | 117.80 | 114.46 | 107.62 | 91.48 | 97.00 | 111.44 | 114.27 |
| 13 | 118.97 | 106.92 | 117.60 | 114.08 | 107.44 | 91.48 | 97.09 | 111.25 | 113.89 |
| 6 | 118.81 | 106.74 | 117.20 | 113.70 | 107.27 | 91.19 | 96.69 | 110.88 | 113.31 |
| May 29 | 118.71 | 106.39 | 116.61 | 113.31 | 107.09 | 91.05 | 96.69 | 110.70 | 112.75 |
| 23 | 118.35 | 106.39 | 116.80 | 113.50 | 106.92 | 91.19 | 96.69 | 110.70 | 112.93 |
| 16 | 118.52 | 106.39 | 116.61 | 113.31 | 106.92 | 91.34 | 96.85 | 110.52 | 112.75 |
| 9 | 118.45 | 106.56 | 116.80 | 113.12 | 106.92 | 91.62 | 97.00 | 110.52 | 112.93 |
| 2 | 118.66 | 106.39 | 117.00 | 112.93 | 106.74 | 91.34 | 96.85 | 110.52 | 112.75 |
| Apr. 25 | 118.62 | 106.21 | 116.61 | 112.75 | 106.56 | 91.19 | 96.69 | 110.34 | 112.19 |
| 18 | 118.28 | 105.86 | 116.41 | 112.56 | 106.39 | 90.91 | 96.54 | 110.15 | 112.00 |
| 10 | 117.36 | 105.69 | 116.41 | 112.19 | 106.21 | 90.77 | 96.54 | 109.79 | 111.81 |
| 4 | 117.55 | 106.04 | 116.80 | 112.37 | 106.21 | 91.48 | 97.00 | 109.97 | 112.19 |
| Mar. 28 | 117.80 | 105.86 | 116.41 | 112.19 | 106.04 | 91.05 | 96.54 | 109.79 | 111.81 |
| 21 | 117.85 | 106.21 | 117.00 | 112.93 | 106.56 | 90.77 | 96.54 | 110.15 | 112.75 |
| 14 | 117.77 | 106.21 | 117.40 | 113.31 | 106.56 | 90.48 | 96.54 | 109.97 | 113.31 |
| 7 | 116.90 | 106.04 | 117.40 | 113.31 | 106.39 | 90.20 | 96.23 | 109.97 | 113.12 |
| Feb. 28 | 116.93 | 105.86 | 117.20 | 112.93 | 106.21 | 89.78 | 95.92 | 109.79 | 112.75 |
| 21 | 116.06 | 105.52 | 117.00 | 112.75 | 106.04 | 89.52 | 95.62 | 109.60 | 112.75 |
| 14 | 116.24 | 105.86 | 117.60 | 113.12 | 106.21 | 89.64 | 95.92 | 109.60 | 113.12 |
| 7 | 116.52 | 106.21 | 117.80 | 113.31 | 106.39 | 90.20 | 95.54 | 109.79 | 113.31 |
| Jan. 31 | 117.14 | 106.39 | 118.00 | 113.70 | 106.39 | 90.48 | 96.85 | 109.79 | 113.70 |
| 24 | 117.64 | 106.56 | 117.60 | 113.89 | 106.56 | 90.77 | 97.16 | 109.97 | 113.50 |
| 17 | 118.06 | 106.56 | 118.20 | 113.89 | 106.56 | 90.48 | 96.69 | 110.15 | 113.89 |
| 10 | 118.03 | 106.56 | 118.20 | 114.27 | 106.56 | 90.34 | 96.69 | 110.15 | 114.08 |
| 3 | 118.65 | 106.39 | 118.40 | 114.46 | 106.39 | 89.78 | 95.92 | 110.15 | 114.46 |
| High 1941 | 119.62 | 107.98 | 118.60 | 115.24 | 108.88 | 92.35 | 97.62 | 112.00 | 115.43 |
| Low 1941 | 115.89 | 105.52 | 116.22 | 112.00 | 106.04 | 89.23 | 95.62 | 109.42 | 111.62 |
| High 1940 | 119.63 | 106.74 | 119.00 | 115.04 | 106.74 | 89.92 | 96.07 | 110.88 | 114.85 |
| Low 1940 | 113.02 | 99.04 | 112.19 | 109.60 | 99.52 | 79.37 | 86.38 | 105.52 | 106.56 |
| 1 Yr. Ago | | | | | | | | | |
| Sept. 9, 1940 | 116.09 | 103.80 | 116.61 | 112.93 | 103.64 | 86.11 | 92.20 | 109.60 | 111.25 |
| 2 Yrs. Ago | | | | | | | | | |
| Sept. 9, 1939 | 111.03 | 97.31 | 109.24 | 104.83 | 96.07 | 82.40 | 88.13 | 101.47 | 103.64 |

MOODY'S BOND YIELD AVERAGES †
(Based on Individual Closing Prices)

| 1941 Daily Average | Avge. Corporate | Corporate by Ratings | | | | Corporate by Groups | | |
|---|---|---|---|---|---|---|---|---|
| | | Aaa | Aa | A | Baa | R. R. | P. U. | Indus |
| Sept. 9 | 3.29 | 2.74 | 2.91 | 3.23 | 4.28 | 3.93 | 3.06 | 2.88 |
| 8 | 3.29 | 2.74 | 2.91 | 3.24 | 4.27 | 3.93 | 3.06 | 2.89 |
| 6 | 3.29 | 2.74 | 2.91 | 3.24 | 4.27 | 3.93 | 3.06 | 2.89 |
| 5 | 3.29 | 2.74 | 2.91 | 3.23 | 4.27 | 3.92 | 3.06 | 2.89 |
| 4 | 3.29 | 2.74 | 2.91 | 3.23 | 4.27 | 3.93 | 3.06 | 2.88 |
| 3 | 3.29 | 2.74 | 2.92 | 3.23 | 4.27 | 3.93 | 3.06 | 2.88 |
| 2 | 3.29 | 2.74 | 2.92 | 3.23 | 4.27 | 3.93 | 3.06 | 2.88 |
| 1 | Stock Exchange Closed | | | | | | | |
| Aug. 29 | 3.29 | 2.73 | 2.91 | 3.23 | 4.29 | 3.93 | 3.06 | 2.88 |
| 22 | 3.30 | 2.75 | 2.92 | 3.24 | 4.29 | 3.93 | 3.06 | 2.90 |
| 15 | 3.29 | 2.75 | 2.90 | 3.24 | 4.28 | 3.92 | 3.06 | 2.90 |
| 8 | 3.28 | 2.74 | 2.89 | 3.24 | 4.26 | 3.91 | 3.06 | 2.89 |
| 1 | 3.29 | 2.74 | 2.89 | 3.25 | 4.27 | 3.91 | 3.06 | 2.89 |
| July 25 | 3.29 | 2.75 | 2.89 | 3.25 | 4.27 | 3.91 | 3.06 | 2.90 |
| 18 | 3.30 | 2.74 | 2.90 | 3.26 | 4.28 | 3.93 | 3.06 | 2.90 |
| 11 | 3.30 | 2.74 | 2.90 | 3.27 | 4.28 | 3.93 | 3.07 | 2.90 |
| 3 | 3.31 | 2.75 | 2.92 | 3.28 | 4.29 | 3.94 | 3.08 | 2.91 |
| June 27 | 3.31 | 2.75 | 2.92 | 3.29 | 4.29 | 3.93 | 3.09 | 2.92 |
| 20 | 3.33 | 2.76 | 2.93 | 3.30 | 4.31 | 3.94 | 3.09 | 2.94 |
| 13 | 3.34 | 2.77 | 2.95 | 3.31 | 4.31 | 3.94 | 3.10 | 2.96 |
| 6 | 3.35 | 2.79 | 2.97 | 3.32 | 4.33 | 3.96 | 3.12 | 2.99 |
| May 29 | 3.37 | 2.82 | 2.99 | 3.33 | 4.34 | 3.96 | 3.13 | 3.02 |
| 23 | 3.37 | 2.81 | 2.98 | 3.34 | 4.33 | 3.96 | 3.13 | 3.01 |
| 16 | 3.37 | 2.82 | 2.99 | 3.34 | 4.32 | 3.95 | 3.14 | 3.02 |
| 9 | 3.36 | 2.81 | 3.00 | 3.34 | 4.30 | 3.94 | 3.14 | 3.01 |
| 2 | 3.37 | 2.80 | 3.01 | 3.35 | 4.32 | 3.95 | 3.14 | 3.02 |
| Apr. 25 | 3.38 | 2.82 | 3.02 | 3.36 | 4.33 | 3.96 | 3.15 | 3.05 |
| 18 | 3.40 | 2.83 | 3.03 | 3.37 | 4.35 | 3.97 | 3.16 | 3.06 |
| 10 | 3.41 | 2.83 | 3.05 | 3.38 | 4.36 | 3.97 | 3.18 | 3.07 |
| 4 | 3.39 | 2.81 | 3.04 | 3.38 | 4.31 | 3.94 | 3.17 | 3.05 |
| Mar. 28 | 3.40 | 2.83 | 3.05 | 3.39 | 4.34 | 3.97 | 3.18 | 3.07 |
| 21 | 3.38 | 2.80 | 3.01 | 3.36 | 4.36 | 3.97 | 3.46 | 3.02 |
| 14 | 3.38 | 2.78 | 2.99 | 3.36 | 4.38 | 3.97 | 3.17 | 2.99 |
| 7 | 3.39 | 2.78 | 2.99 | 3.37 | 4.40 | 3.99 | 3.17 | 3.00 |
| Feb. 28 | 3.40 | 2.79 | 3.91 | 3.88 | 4.43 | 4.01 | 3.18 | 3.02 |
| 21 | 3.42 | 2.80 | 3.02 | 3.39 | 4.45 | 4.03 | 3.19 | 3.02 |
| 14 | 3.40 | 2.77 | 3.00 | 3.38 | 4.44 | 4.01 | 3.19 | 3.00 |
| 7 | 3.38 | 2.76 | 2.99 | 3.37 | 4.40 | 3.97 | 3.18 | 2.99 |
| Jan. 31 | 3.37 | 2.75 | 2.97 | 3.37 | 4.37 | 3.95 | 3.18 | 2.97 |
| 24 | 3.36 | 2.77 | 2.96 | 3.36 | 4.36 | 3.93 | 3.17 | 2.98 |
| 17 | 3.36 | 2.74 | 2.96 | 3.36 | 4.38 | 3.96 | 3.16 | 2.96 |
| 10 | 3.36 | 2.74 | 2.94 | 3.36 | 4.39 | 3.96 | 3.16 | 2.95 |
| 3 | 3.37 | 2.73 | 2.93 | 3.37 | 4.43 | 4.01 | 3.16 | 2.93 |
| High 1941 | 3.42 | 2.84 | 3.06 | 3.39 | 4.47 | 4.03 | 3.20 | 3.08 |
| Low 1941 | 3.28 | 2.72 | 2.89 | 3.23 | 4.25 | 3.90 | 3.06 | 2.88 |
| High 1940 | 3.81 | 3.06 | 3.19 | 3.78 | 5.24 | 4.68 | 3.42 | 3.36 |
| Low 1940 | 3.35 | 2.70 | 2.90 | 3.35 | 4.42 | 4.00 | 3.12 | 2.91 |
| 1 Year Ago— | | | | | | | | |
| Sept. 9, 1940 | 3.52 | 2.82 | 3.01 | 3.53 | 4.70 | 4.28 | 3.19 | 3.10 |
| 2 Years Ago— | | | | | | | | |
| Sept. 9, 1939 | 3.92 | 3.21 | 3.46 | 4.00 | 4.99 | 4.55 | 3.66 | 3.53 |

* These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market.

# Engineering Construction Contracts Drop In August, But Are Well Above Last Year

August engineering construction awards top the half-billion dollar mark for the third consecutive month, and reach the fourth highest volume ever reported by Engineering News-Record. The month's total, $529,561,000, averages $132,390,000 for each of the four weeks, and is 67 percent above the average for the five weeks of August, 1940, but 31 percent under the all-time high average week for July, 1941.

Private awards, on the weekly average basis are up 10 percent compared with the month last year, and 6 percent over a month ago. Public construction is 82 percent higher than a year ago due to the 176 percent increase in federal work, but is 35 percent lower than in July, the record high. Federal work is 37 percent under the preceding month's average.

Values of awards for the three months are:

| | August, 1940 (five weeks) | July, 1941 (five weeks) | August, 1941 (four weeks) |
|---|---|---|---|
| Total Construction | $397,253,000 | $958,663,000 | $529,561,000 |
| Private Construction | 82,766,000 | 86,342,000 | 72,982,000 |
| Public Construction | 314,487,000 | 872,321,000 | 456,579,000 |
| State and Municipal | 144,145,000 | 128,780,000 | 80,153,000 |
| Federal | 170,342,000 | 743,541,000 | 376,426,000 |

The August volume brings 1941 construction to $4,329,627,000, a 103 percent increase over the 8-month total last year, and 8½ percent higher than the $3,987,243,000 reported for the entire year of 1940. Private awards, $893,742,000, are up 41 percent compared with the 8-month period last year, and public construction, $3,435,885,000, is 129 percent higher as a result of the 357 percent gain in federal construction.

Public building construction accounts for $1,994,332,000 of the current year's total, and is 405 percent over the volume for the period last year. All other classes of work, except streets and roads which are 10 percent lower, climb above their respective totals for a year ago. Waterworks construction is up 3 percent; sewerage, 8 percent; bridges, 0.5 percent; earthwork and drainage, 11 percent; industrial buildings, 25 percent; commercial building and large-scale private housing, 49 percent; and unclassified construction, 121 percent.

Every geographical section of the nation reports substantial gains for 1941 over the corresponding period in 1940. West of Mississippi states lead with a 160 percent rise; Far West gains 113 percent; South is up 109 percent; Middle West is 78½ percent higher; Middle Atlantic increases 75 percent; and New England climbs 69 percent.

### *August Gains in Construction Classes*

August averages in the various classes of construction show gains over those reported last year in streets and roads, 9 percent; public buildings, 168 percent; commercial building and large-scale private housing, 40 percent; waterworks, 15 percent; and unclassified construction, 72 percent. Losses are industrial buildings, 39 percent; bridges, 36 percent; sewerage, 42 percent; and earthwork and drainage, 15 percent.

Comparisons of the current averages with those for July, the highest month in history, reveal an increase in only one class of work: commercial building and large-scale private housing, up 1 percent. All other types of work are lower: streets and roads, 13½ percent; public buildings, 29 percent; industrial buildings, 17 percent; bridges, 4 percent; waterworks, 42 percent; sewerage, 39 percent; earthwork and drainage, 57 percent; and unclassified construction, 43 percent.

Geographically, all sections of the nation top their respective averages for the 1940 month. The greatest increase is in the West of Mississippi states, 260 percent. Then comes New England, 144 percent higher; South, up 38 percent; Far West, 28 percent higher; Middle Atlantic, up 13 percent; and Middle West, up 9 percent.

New England weekly average for August exceeds last month by 160 percent, and Middle West gains 7 percent over a month ago. These are the only regions to report increases over July.

### *New Capital*

New capital for construction purposes for August totals $396,186,000. On the weekly average basis, this is 73 percent above the volume for August, 1940. The month's new financing is made up of $330,200,000 in federal appropriations for WPA construction, $23,594,000 in RFC loans for private industrial plant expansion, $22,703,000 in state and municipal bond sales, $19,154,000 in corporate security issues, and $535,000 in RFC loans for public improvements.

New construction financing for the year to date, $5,403,461,000, tops the $1,985,331,000 reported for the 8-month period last year by 172 percent. Private investment accounts for $627,462,000 of the 1941 total, 17 percent below last year; $378,410,000 is in federal appropriations for non-federal work, 9 percent under 1940; and $4,397,589,000 is in federal funds for federal construction, 443 percent higher than in the 8-month period a year ago.

# New Tax Measure Now Goes To Conference

*(Continued from First Page)*

party leaders said, had the solid support of President Roosevelt.

As a substitute, Senator La Follette proposed higher rates and lower exemptions in the schedules of estate and gift taxes. He said these would raise $202,000,000 annually.

"That would be loss of $101,000,000" he added, "but that would be a cheap price to pay if Congress could assure the people in the lower income group that we are not going to attack them with a tax pincers movement."

On Sept. 4 also the Senate rejected Treasury recommendations that a special 10% tax be levied on excess earnings of corporations not now being reached by the excess profits tax law. This was reported in advices to the New York "Journal of Commerce" from its Washington bureau Sept. 4 which also said:

> Supporting the position taken by its Finance Committee that that special tax was inconsistent with the fundamental policy of excess profits taxation, the Senate voted its elimination from the bill, but with the understanding that a substitute proposal may be sought in conference.
>
> At the same time, the upper chamber agreed to follow suggestions of President Roosevelt for lowering exemptions on personal incomes, and also adopted changes proposed by the Finance Committee to increase the revenue yield from estate and gift taxes, but refused to go along with committee recommendations for higher levies on admissions.

As passed by the Senate on Sept. 5 it is estimated that the taxes thereunder will yield revenues of $3,583,900,000 designed to meet defense costs. The bill is described by the Associated Press as the biggest tax measure in history and one which will bring an estimated 4,911,000 additional persons under the Federal income tax structure. From the Associated Press Washington accounts Sept. 6 we also quote:

> To win fast Senate approval of the tax measure leaders had to make two important concessions:
>
> 1. They dropped a Finance Committee amendment, estimated to raise $50,000,000 a year, which would have prevented husbands and wives in community property States from dividing income for tax purposes. The amendment would not have affected Pennsylvania, New Jersey, or other States not having community property laws.
>
> 2. They promised pension advocates that the Finance Committee would consider promptly to proposal to give $30-a-month pensions to all persons over 60. The pension plan had been offered as a rider to the tax bill.
>
> Both the community income and the pension issues had threatened to develop prolonged debate. Democratic Leader Barkley and Senator George, worried because each day's delay in enacting the tax measure costs the Treasury about $3,000,000 in uncollected nuisance taxes, engineered the agreements which made passage possible.
>
> Because of a recess agreement, the House can not act on a comprise measure before September 15, and leaders said they hoped to have all differences ironed out by that date.
>
> The Senate's action in lowering income tax exemptions from $2,000 to $1,500 for married persons and from $800 to $750 for single persons topped the list of controversial issues between the two chambers.

*(Continued on page 121)*

# Non-Ferrous Metals — Government Purchases Australian and Peruvian Lead — Zinc Higher

"Metal and Mineral Markets" in the issue of Sept. 11 stated that thousands of pieces of mail and thousands of applications for preference ratings which had become "bottlenecked" during the last several weeks were cleaned up over the last week-end, according to Donald M. Nelson, Director of Priorities. This was accepted in the non-ferrous metals industry as the top news event of the week. Australian and Peruvian lead was purchased by Metals Reserve, Washington reports indicated. The zinc statistics for August showed a gain in stocks and the highest rate of production on record.

### *Copper*

Further discussions took place during the last week in reference to extending the deal for South American copper. The stumbling block is the price. It appears likely that 11c. c.i.f. United States ports or higher will have to be paid, some in the industry believe. Bonded copper sold in New York throughout the last week at 11c., f.a.s.

The domestic market is getting to be a routine affair. About 131,000 tons will be available for September shipment, with consumers asking for at least 140,000 tons. The quotation held to the ceiling of 12c., Valley.

Domestic sales of copper for the last week involved 28,038 tons, making the total for the month so far 32,941 tons.

### *Lead*

Call for lead continued active, resulting from a combination of increased consumption and apprehension about probable action before long to control the demand-supply situation. Producers are scheduled to meet with officials in Washington today (Thursday, Sept. 11) to explore the general situation.

To augment supplies, it was reported unofficially that the Metals Reserve Co. has acquired 4,600 tons of Australian lead, now afloat, and closed a deal for 10,000 tons of Peruvian lead. Some Peruvian lead, estimated at around 3,000 tons, figured in the previous transaction involving foreign metal.

### *Zinc*

Sales of common zinc for the week ended Sept. 6 amounted to 3,222 tons, with shipments of 4,299 tons. The backlog in common zinc dropped to 65,741 tons. The price situation was unchanged, Prime Western continuing at 7¼c., St. Louis. The trade was interested in the report on consumers' stocks for July indicating another gain in the supply on hand.

Beginning with figures for August, and corrected back to January, 1940, the statistics of the American Zinc Institute present an improved picture of operations at zinc smelters in the United States. The statistics now show production of zinc (all grades) by domestic smelters from both imported and domestic concentrate. The expanded statistics reveal that stocks at the end of August totaled 17,403 tons, against 13,848 tons (revised) a month previous. Production during August was 75,524 tons, or at the rate of 906,288 tons a year. Including imports of slab zinc, total supply of the metal during August probably came to 79,000 tons.

### *Tin*

Though political tension in the Far East moderated, and some consumers expected futures to ease, the market for Straits tin held to 52c. throughout the week, all positions. A cargo of about 1,200 tons of tin is overdue.

Straits tin for future arrival was as follows:

| | Sept. | Oct. | Nov. | Dec. |
|---|---|---|---|---|
| Sept. 4 | 52.000 | 52.000 | 52.000 | 52.000 |
| Sept. 5 | 52.000 | 52.000 | 52.000 | 52.000 |
| Sept. 6 | 52.000 | 52.000 | 52.000 | 52.000 |
| Sept. 8 | 52.000 | 52.000 | 52.000 | 52.000 |
| Sept. 9 | 52.000 | 52.000 | 52.000 | 52.000 |
| Sept. 10 | 52.000 | 52.000 | 52.000 | 52.000 |

DAILY PRICES OF METALS ("E. & M. J." QUOTATIONS)

| Sept. | Electrolytic Copper— Dom., Refy. | Electrolytic Copper— Exp., Refy. | Straits Tin, New York | Lead— New York | Lead— St. Louis | Zinc St. Louis |
|---|---|---|---|---|---|---|
| 4 | 11.775 | 10.950 | 52.000 | 5.85 | 5.70 | 7.25 |
| 5 | 11.775 | 10.950 | 52.000 | 5.85 | 5.70 | 7.25 |
| 6 | 11.775 | 10.950 | 52.000 | 5.85 | 5.70 | 7.25 |
| 8 | 11.775 | 10.950 | 52.000 | 5.85 | 5.70 | 7.25 |
| 9 | 11.775 | 10.950 | 52.000 | 5.85 | 5.70 | 7.25 |
| 10 | 11.775 | 10.950 | 52.000 | 5.85 | 5.70 | 7.25 |
| Average | 11.775 | 10.950 | 52.000 | 5.85 | 5.70 | 7.25 |

Average prices for calendar week ended Sept. 6 are: Domestic copper f.o.b. refinery, 11.775c; export copper, f.o.b. refinery 10.950c.; Straits tin, 52.000c.; New York lead, 5.850c.; St. Louis lead, 5.700c.; St. Louis zinc, 7.250c.; and silver, 34.750c.

The above quotations are "M. & M. M's" appraisal of the major United States markets, based on sales reported by producers and agencies. They are reduced to the basis of cash, New York or St. Louis, as noted. All prices are in cents per pound.

Copper, lead and zinc quotations are based on sales for both prompt and future deliveries; tin quotations are for prompt delivery only.

In the trade, domestic copper prices are quoted on a delivered basis; that is, delivered at consumers' plants. As delivery charges vary with the destination, the figures shown above are net prices at refineries on the Atlantic seaboard. Delivered prices in New England average 0.225c. per pound above the refinery basis.

Export quotations for copper are reduced to net at refineries on the Atlantic seaboard. On foreign business, owing to the European War, most sellers are restricting offerings to f.a.s. transactions, dollar basis. Quotations for the present reflect this change in method of doing business. A total of .05c. is deducted from f.a.s. basis (lighterage, etc.) to arrive at the f.o.b. refinery quotation.

Due to the European war the usual table of daily London prices is not available. Prices on standard tin, the only prices given, however, are as follows: Sept. 4, spot, £256, three months, £259¼; Sept. 5, spot, £256, three months, £259; Sept. 8, spot, £257, three months, £259¾; Sept. 9, spot, £257¾, three months, £260¼; and Sept. 10, spot, £257, three months, £259¾.

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## Harvey With Pacific Co.

(Special to The Financial Chronicle)

LOS ANGELES, CAL. — John C. Harvey has become associated with the Pacific Company of California, 623 South Hope Street, members of the Los Angeles Stock Exchange. Mr. Harvey was formerly with M. H. Lewis & Co. and prior thereto was manager of the stock department of Hass, Barnes & Maxwell.

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# Weekly Coal And Coke Production Statistics

The U. S. Bureau of Mines, in its report stated that the estimated production of Pennsylvania anthracite for the week ended Aug. 30 amounted to 1,233,000 tons, a decrease of 25,000 tons from the preceding week. In comparison with the output in the corresponding week of 1940, however, there was an increase of 369,000 tons (about 43%).

The latest weekly coal report of the Bituminous Coal Division, U. S. Department of the Interior stated that production of bituminous coal continues to show little change in trend. The total output in the week ended Aug. 30 is esimated at 10,880,000 net tons, indicating a slight gain—130,000 tons, or 1.2%—over the preceding week. Production in the corresponding week last year was 9,072,000 tons.

ESTIMATED UNITED STATES PRODUCTION OF SOFT COAL WITH COMPARABLE DATA ON PRODUCTION OF CRUDE PETROLEUM

(In Thousands of Net Tons)

| | Week Ended Aug. 30 1941 | Week Ended Aug. 23 1941 | Week Ended Aug. 31 1940 | Calendar Year to Date c 1941 | Calendar Year to Date c 1940 | Calendar Year to Date c 1929 |
|---|---|---|---|---|---|---|
| Bituminous coal—a | | | | | | |
| Total, incl. mine fuel | 10,880 | 10,750 | 9,072 | 318,824 | 294,483 | 345,647 |
| Daily average | 1,813 | 1,792 | 1,512 | 1,564 | 1,426 | 1,667 |
| Crude petroleum—b | | | | | | |
| Coal equiv. of weekly output | 6,415 | 6,368 | 5,609 | 208,138 | 207,774 | 153,269 |

(a) Includes for purposes of historical comparison and statistical convenience the production of lignite. (b) Total barrels produced during the week converted to equivalent coal assuming 6,000,000 B.t.u. per barrel of oil and 13,100 B.t.u. per pound of coal. Note that most of the supply of petroleum products is not directly competitive with coal. (Minerals Yearbook, 1938, page 702.) (c) Sum of 35 weeks ended August 30, 1941, and corresponding 35 weeks of 1940 and 1929.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND BEEHIVE COKE (In Net Tons)

| | Week Ended Aug. 30 1941 | Week Ended Aug. 23 1941 | Week Ended Aug. 31 1940 | Calendar Year to Date 1941 | Calendar Year to Date 1940 a | Calendar Year to Date 1929 a |
|---|---|---|---|---|---|---|
| Penn. Anthracite— | | | | | | |
| Total, incl. colliery fuel b | 1,233,000 | 1,258,000 | 864,000 | 35,878,000 | 33,656,000 | 45,793,000 |
| Comm'l prod'n c | 1,171,000 | 1,195,000 | 821,000 | 34,090,000 | 31,973,000 | 42,496,000 |
| Beehive Coke— | | | | | | |
| U. S. total | 132,600 | 156,900 | 72,000 | 3,983,100 | 1,461,100 | 4,591,800 |
| Daily average | 22,100 | 26,150 | 12,000 | 19,242 | 7,058 | 22,183 |

(a) Adjusted to comparable periods in the three years. (b) Includes washery and dredge coal, and coal shipped by truck from authorized operations. (c) Excludes colliery fuel.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES

(In Thousands of Net Tons)

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

| *State* | *Week ended* *Aug. 23,* 1941 | *Aug. 16,* 1941 | *Aug. 24,* 1940 | *Aug. 26,* 1939 | *Aug. 24,* 1929 | *Aug. average* 1923 *e* |
|---|---|---|---|---|---|---|
| Alaska | 2 | 2 | 2 | 3 | f | f |
| Alabama | 343 | 344 | 274 | 226 | 321 | 397 |
| Arkansas and Oklahoma | 91 | 82 | 82 | 54 | 86 | 81 |
| Colorado | 122 | 118 | 105 | 98 | 138 | 173 |
| Georgia and North Carolina | 1 | 1 | * | 1 | f | f |
| Illinois | 1,122 | 1,045 | 866 | 743 | 1,037 | 1,363 |
| Indiana | 465 | 446 | 376 | 247 | 325 | 440 |
| Iowa | 32 | 30 | 48 | 56 | 67 | 100 |
| Kansas and Missouri | 149 | 147 | 120 | 100 | 111 | 145 |
| Kentucky—Eastern | 900 | 956 | 824 | 794 | 938 | 765 |
| Western | 208 | 222 | 153 | 135 | 164 | 217 |
| Maryland | 36 | 33 | 27 | 26 | 44 | 44 |
| Michigan | 9 | 11 | 8 | 9 | 17 | 21 |
| Montana | 62 | 56 | 52 | 46 | 66 | 50 |
| New Mexico | 20 | 20 | 16 | 19 | 48 | 49 |
| North and South Dakota | 20 | 21 | 23 | 18 | f 14 | f 20 |
| Ohio | 663 | 648 | 448 | 382 | 486 | 871 |
| Pennsylvania bituminous | 2,665 | 2,678 | 2,236 | 1,846 | 2,765 | 3,734 |
| Tennessee | 143 | 147 | 112 | 107 | 101 | 118 |
| Texas | 8 | 9 | 12 | 17 | 24 | 24 |
| Utah | 89 | 85 | 75 | 49 | 78 | 83 |
| Virginia | 405 | 405 | 288 | 278 | 238 | 248 |
| Washington | 31 | 29 | 30 | 29 | 40 | 47 |
| West Virginia—Southern a | 2,177 | 2,258 | 1,968 | 1,900 | 2,115 | 1,515 |
| Northern b | 848 | 828 | 640 | 542 | 712 | 875 |
| Wyoming | 138 | 119 | 98 | 105 | 114 | 154 |
| Other Western States c | 1 | * | * | * | f | f |
| Total bituminous coal | 10,750 | 10.740 | 8,883 | 7,830 | 10,154 | 11,538 |
| Pennsylvania anthracite d | 1,258 | 1,174 | 977 | 856 | 1,487 | 1,926 |
| Total, all coal | 12,008 | 11,914 | 9,860 | 8,686 | 11,641 | 13,464 |

a Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. b Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. c Includes Arizona, California, Idaho, Nevada, and Oregon. d Data for Pennsylvania anthracite from published records of the Bureau of Mines. e Average weekly rate for entire month. f Alaska, Georgia, North Carolina, and South Dakota included with "other Western States." * Less than 1,000 tons.

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# Member Bank Condition Statement

In the following will be found the comments of the Board of Governors of the Federal Reserve System respecting the returns of the entire body of reporting member banks of the Federal Reserve System for the week ended with the close of business Sept. 3.

The condition statement of weekly reporting member banks in 101 leading cities shows the following principal changes for the week ended September 3: Increases of $39,000,000 in commercial, industrial and agricultural loans, and $159,000,000 in loans to brokers and dealers in securities, decreases of $60,000,000 in holdings of United States Treasury bills, $99,000,000 in reserve balances with Federal Reserve Banks, and $104,000,000 in demand deposits-adjusted, and an increase of $140,000,000 in deposits credited to domestic banks.

Commercial, industrial and agricultural loans increased $18,000,000 in New York City, and $39,000,000 at all reporting member banks. Loans to brokers and dealers in securities increased $137,000,000 in New York City and $159,000,000 at all reporting member banks.

Holdings of Treasury bills declined $42,000,000 in New York City, $17,000,000 in the Chicago district, and $60,000,000 at all reporting member banks. Holdings of "Other securities" declined $34,000,000.

Demand deposits-adjusted declined $38,000,000 in the Chicago district, $35,000,000 in the Cleveland district, and $104,000,000 at all reporting member banks.

Deposits credited to domestic banks increased in all districts.

A summary of the principal assets and liabilities of reporting member banks, together with changes for the week and the year ended Sept. 3, 1941, follows:

| | *Sept. 3, 1941* $ | *Increase (+) or Decrease (—)* *Aug. 27, 1941* $ | *Sept. 4, 1940* $ |
|---|---|---|---|
| *Assets—* | | | |
| Loans and Investments—total | 29,238,000,000 | +131,000,000 | +5,050,000,000 |
| Loans—total | 10,903,000,000 | +206,000,000 | +2,337,000,000 |
| Commercial, industrial and agricultural loans | 6,222,000,000 | + 39,000,000 | +1,742,000,000 |
| Open market paper | 397,000,000 | — 3,000,000 | + 103,000,000 |
| Loans to brokers and dealers in securities | 607,000,000 | +159,000,000 | + 217,000,000 |
| Other loans for purchasing or carrying securities | 436,000,000 | — 1,000,000 | — 27,000,000 |
| Real estate loans | 1,256,000,000 | + 2,000,000 | + 37,000,000 |
| Loans to banks | 45,000,000 | + 2,000,000 | — 3,000,000 |
| Other loans | 1,940,000,000 | + 8,000,000 | + 268,000,000 |
| Treasury bills | 1,019,000,000 | — 60,000,000 | + 314,000,000 |
| Treasury notes | 2,283,000,000 | + 4,000,000 | + 188,000,000 |
| U. S. bonds | 7,949,000,000 | + 15,000,000 | +1,376,000,000 |
| Obligations guaranteed by U. S. Gov't | 3,316,000,000 | ——— | + 732,000,000 |
| Other securities | 3,768,000,000 | — 34,000,000 | + 103,000,000 |
| Reserve wtih Federal Reserve Banks | 10,534,000,000 | — 99,000,000 | — 884,000,000 |
| Cash in vault | 543,000,000 | — 16,000,000 | + 52,000,000 |
| Balances with domestic banks | 3,502,000,000 | + 40,000,000 | + 331,000,000 |
| *Liabilities—* | | | |
| Demand deposits—adjusted | 24,349,000,000 | —104,000,000 | +3,448,000,000 |
| Time deposits | 5,426,000,000 | — 5,000,000 | + 68,000,000 |
| U. S. Government deposits | 610,000,000 | + 26,000,000 | + 79,000,000 |
| Interbank deposits: | | | |
| Domestic banks | 9,355,000,000 | +140,000,000 | + 850,000,000 |
| Foreign banks | 626,000,000 | — 3,000,000 | — 44,000,000 |
| Borrowings | 1,000,000 | ——— | + 1,000,000 |

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# Electric Output for Week Ended Sept. 6, 1941, Shows Gain of 19.4% Over Like Week Last Year

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended Sept. 6, 1941, was 3,095,746,000 kwh. The current week's output is 19.4% above the output of the corresponding week of 1940, when production totaled 2,591,957,000 kwh. The output for the week ended Aug. 30, 1941, was estimated to be 3,223,609,000 kwh., an increase of 17.8% over the like week a year ago.

PERCENTAGE INCREASE FROM PREVIOUS YEAR

| *Major Geographic Regions* | *Week Ended Sept. 6, 41* | *Week Ended Aug. 30, '41* | *Week Ended Aug. 23, '41* | *Week Ended Aug. 16, '41* |
|---|---|---|---|---|
| New England | 21.6 | 22.5 | 20.1 | 23.0 |
| Middle Atlantic | 16.1 | 16.0 | 15.1 | 13.2 |
| Central Industrial | 21.9 | 19.3 | 20.2 | 19.4 |
| West Central | 17.5 | 12.1 | 16.2 | 17.5 |
| Southern States | 27.4 | 24.8 | 24.2 | 21.8 |
| Rocky Mountain | 7.7 | 8.5 | 4.5 | 3.1 |
| Pacific Coast | x10.8 | x10.5 | x10.3 | x9.0 |
| Total United States | 19.4 | 17.8 | 17.7 | 16.6 |

x Percentage should be higher; data under revision.

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

| *Week Ended* | 1941 | 1940 | *Percent Change* 1941 *from* 1940 | 1939 | 1938 | 1937 |
|---|---|---|---|---|---|---|
| May 3 | 2,914,882 | 2,503,899 | +16.4 | 2,224,723 | 1,992,161 | 2,225,194 |
| May 10 | 2,975,024 | 2,515,515 | +18.3 | 2,238,826 | 2,019,065 | 2,242,421 |
| May 17 | 2,982,715 | 2,550,071 | +17.0 | 2,234,592 | 2,023,830 | 2,249,305 |
| May 24 | 3,011,754 | 2,588,821 | +16.3 | 2,277,749 | 2,030,754 | 2,251,995 |
| May 31 | 2,924,460 | 2,477,689 | +18.0 | 2,186,394 | 1,936,597 | 2,176,399 |
| June 7 | 3,042,128 | 2,598,812 | +17.1 | 2,328,756 | 2,056,509 | 2,266,759 |
| June 14 | 3,066,047 | 2,664,853 | +15.1 | 2,340,571 | 2,051,006 | 2,260,771 |
| June 21 | 3,055,841 | 2,653,788 | +15.2 | 2,362,436 | 2,082,232 | 2,287,420 |
| June 28 | 3,120,780 | 2,659,825 | +17.3 | 2,395,857 | 2,074,014 | 2,285,362 |
| July 5 | 2,866,865 | 2,425,229 | +18.2 | 2,145,033 | 1,937,486 | 2,139,281 |
| July 12 | 3,141,158 | 2,651,626 | +18.5 | 2,402,893 | 2,154,099 | 2,358,438 |
| July 19 | 3,162,586 | 2,681,071 | +18.0 | 2,377,902 | 2,152,779 | 2,321,531 |
| July 26 | 3,183,925 | 2,760,935 | +15.3 | 2,426,631 | 2,159,667 | 2,312,104 |
| Aug. 2 | 3,226,141 | 2,762,240 | +16.8 | 2,399,805 | 2,193,750 | 2,341,103 |
| Aug. 9 | 3,196,009 | 2,743,284 | +16.5 | 2,413,600 | 2,198,266 | 2,360,960 |
| Aug. 16 | 3,200,818 | 2,745,697 | +16.6 | 2,453,556 | 2,206,560 | 2,365,859 |
| Aug. 23 | 3,193,404 | 2,714,193 | +17.7 | 2,434,101 | 2,202,454 | 2,351,233 |
| Aug. 30 | 3,223,609 | 2,736,224 | +17.8 | 2,442,021 | 2,216,648 | 2,380,301 |
| Sept 6 | 3,095,746 | 2,591,957 | +19.4 | 2,375,852 | 2,109,985 | 2,211,398 |
| Sept 13 | | 2,773,177 | | 2,532,014 | 2,279,233 | 2,338,370 |
| Sept 20 | | 2,769,346 | | 2,538,118 | 2,211,059 | 2,321,277 |
| Sept 27 | | 2,816,358 | | 2,558,538 | 2,207,942 | 2,331,415 |

# Government Attacks Itself

The Battle of the Judiciary seems not to have been ended, as most Americans must have supposed that it was, by the emphatic popular and Congressional rejection, in 1937, of the official plan to enlarge the Supreme Court. Even in the midst of clashing arms and extreme demands upon the country's resources and power that call loudly for unity of sentiment, the President revivies memories of the most signally unpopular expedient in his entire radical and changing program and, in effect, serves notice that he will not be contended with less than complete reversal of the verdict then rendered. It is necessary, therefore, that the country should be reminded of the historical essentials of that contest. Four years ago, in July, 1937, after a struggle lasting for more than five months during which he exhausted every expedient of Presidential power in his effort to achieve victory. Mr. Roosevelt sustained inglorious and overwhelming defeat at the hands of the people of the United States. Aroused as they never had been aroused since their Civil War, and substantially unanimous in sentiment as they never had been upon any great issue in the past, they sprang to the defense of one of their time-tried institutions and virtually compelled their Congress, previously most subservient to the Executive, to obey their will. The issue that had this tremenduous result was the preservation, in its constitutional integrity of one of the three co-ordinate and mutually independent departments of the Federal government—the Supreme Court of the United States.

Raised suddenly, and completely without warning, by a President at the moment luxuriating in the early afterglow of a seemingly triumphant re-election, those only superficially acquainted with the American character might have expected, as the President unmistakably did expect, an immediate bowing to the executive determination. Such acquiesence did not eventuate. The American people are made of stronger and sterner stuff. They fought for their Judicial Department, which they recognized as the guarantor of their liberties, and they won. To the President this success of the popular side in a contest which he had sought and supervised was humiliating and provocative.

It all began with towering indignation against the Court, which during the whole of the President's incumbency, up to the retirement of Justice Van Devanter, at the close of the 1936-1937 term, consisted of Chief Justice Charles Evans Hughes, and Associate Justices Willis J. Van Devanter, Louis Dembitz Brandeis, James Clark McReynolds, George Sutherland, Harlan Fiske Stone (now by Mr. Roosevelt's appointment, Chief Justice), Pierce Butler, Benjamin Nathan Cardozo, and Owen J. Roberts.

As the President's kinsman and fellow-alumnus of Groton and Harvard relates the story, the controversy was engendered in the former's lust for unlimited authority. In a narrative written with the aid of Turner Catledge, this observer said:—

> "Perhaps the most immediate of the Court's offenses was its denial of satisfaction to the President's taste for power. The President regards great powers as his prerogative, and while he is sometimes careless of the prerogatives of others, he is as jealous of his own as was Louis XIV. Since he considered them infringements on his prerogatives, all the conservative decisions angered him; . . . he was most angered by the decision in the comparatively trivial Humphries case. . . . The President saw in the decision the most direct of all possible trespasses on his powers as Chief Executive; he was completely infuriated.—*"The 168 Days," pp. 13-14.*

But the President's methods, as Walter Lippmann long ago observed, "are not direct." The "vindictiveness" which, according to Alsop, he felt in 1935, was not outwardly revealed until 1937, when, with the aid of "pump-priming" expenditures of Federal funds and the politically directed W.P.A., he had obtained his first re-election. He was repeatedly challenegd by opponents, during the 1936 campaign, concerning his attitude towards the Supreme Court, but persistently and consistently he avioded the slightest commitment. His self-restraint was not so prolonged as that of Napoleon the Little, whose determination to turn against Austria, the ally which had enabled him to bring the Crimean war to a face-saving close was concealed from 1856 to 1859, even from members of his Cabinet, but it sufficed. The surprise attack came on February 5, 1937, in the transmission to Congress of a brief message recommending enactment of a bill providing for enlargement of the Court that had been prepared in great secrecy by Homer S. Cummings, the substitute Attoreny General who had been forced into the Cabinet at the last minute, under a designation declared to be temporary, by the sudden and unfortunate death of the man who had been selected, Senator Thomas F. Walsh, of Montana. The bill never had a chance. It was actually never considered in the House of Represenatives, and in the great Judiciary Committee of the Senate it was steadfastly opposed by Senators King, Van Nuys, Burke,

(*Continued on page 122*)

# Announces We Will Defend All Ships

(*Continued from First Page*)

that the time has come when the Americas themselves must now be defended. A continuation of attacks in our own waters, or in waters which could be used for further and greater attacks on us, will inevitably weaken American ability to repel Hitlerism.

In the waters which we deem necessary for our defense American naval vessels and American planes will no longer wait until Axis submarines lurking under the water, or Axis raiders on the surface of the sea, strike their deadly blow—first.

In his declaration the President likewise said:

> No act of violence, no act of intimidation will keep us from maintaining intact two bulwarks of defense: First, our line of supply of material to the enemies of Hitler, and second, the freedom of our shipping on the high seas.
>
> No matter what it takes, no matter what it costs, we will keep open the line of legitimate commerce in these defensive waters of ours.
>
> We have sought no shooting war with Hitler. We do not seek it now. But neither do we want peace so much that we are willing to pay for it by permitting him to attack our naval and merchant ships while they are on legitimate business.

The President's address was originally scheduled for delivery on Sept. 8, but with the death, on Sept. 7 of his mother, Mrs. Sara Delano Roosevelt, the time for delivery was deferred until Sept. 11. The White House announcement on Sept. 6 regarding the President's address read:

> The President will go on the air next Monday at 9 P. M., Eastern standard time, at the White House and deliver a nationwide broadcast on the radio.
>
> The facilities of the three major broadcasting chains, NBC, CBS, and Mutual, have been made available. His address will be translated into some 14 langauges and broadcast by short wave so that the speech will attain a world coverage.
>
> The address will be on important one, although the time consumed will be only 15 minutes. I am not able to tell you what the subject will be, but it will be of major importance.

On Sept. 11 the President conferred early in the day at the White House with Democratic and Republican leaders of Congress to give them an advance outline of his speech said advices from Washington to the New York "Times" which indicated that Stephen Early, White House secretary, had stated "would leave no unanswered questions." From the "Times" advices we also quote.

Mr. Early, at a press conference at 10:30 A. M., told reporters that as the speech would be "complete and all-covering" Mr. Roosevelt had decided to cancel his regular Friday morning press conference.

Asked if the speech would be followed by a message to Congress, Mr. Early said that he did not know, and added:

"It will be written in English, English that will not need translations. Because the speech will be made at 9 P. M. Eastern standard time, it will be complete up to that hour. There is very little likelihood that there will be any developments between its delivery and 10:30 A. M. tomorrow.

"The President has set that hour for a conference with the American mission to Moscow. Hence there will be no press conference tomorrow."

The text of the President's ad-

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# U. S. Latin American Trade Relations

One of the most remarkable current by-products of the defense program is the almost overnight reversal of the balance of trade between the United States and the Latin American countries. As late as the beginning of 1941, the South American countries were hard put to it to find dollar exchange to buy what they needed in this country. But since then their unfavorable balance of trade has been reversed; it is now we who are doing more buying than selling. And as accompaniment of this change in its trade relations with the United States, South America is today experiencing one of the fastest booms on record—almost entirely a product of our defense program.

One of the major functions of the new Supply Priorities Allocation Board will be to tackle the troublesome problem of priorities for South America. For so swiftly has the situation reversed itself, that whereas less than a year ago South American countries were trying hard to shut out American products for the simple reason that they lacked the wherewithal to pay for them, they are now eager to get them, amply able to pay for them—but find that they are not to be had, for reasons of defense program priority.

Briefly, the course of north-south trade in the Western Hemisphere since the war broke out has been as follows.

The war cut off South America's sources in Europe for numerous manufactured necessities and she had to turn to the United States, with the result that South American purchases of United States' goods after a year of war had jumped 50 per cent. But in the meantime the South Americans had lost substantial European markets for meat, grain, and cotton, and they were not able to find a compensating market in this country. Out of this situation arose considerable discussion as to whether South America's natural trade relations were not chiefly with Europe rather than with the United States.

This trade unbalance brought many answers—none satisfactory. The President obtained from Congress in September 1940 authority to lend $500,000,000 to Latin American countries through the Export-Import Bank—a proposal he had previously made without success in the $3,860,000,000 spending-lending bill of the summer of 1938. Efforts were increased to spread the reciprocal trade treaties, but with little success. Argentina, facing one of the worst crisis in her history, imposed rigid foreign exchange control and import quotas.

What turned the tide, however, was our need for raw materials for defense. True, we cannot use Brazilian cotton or Argentine wheat, but these are virtually the only regular South American export commodities of which our need has not expanded to South America's capacity. South America's trade fortunes have always gone up and down with the demand for commodities. Though less than ten years ago we put a 4-cent protective duty ("excise tax") on copper to protect our domestic producers, today we cannot get enough copper for our needs by ransacking all the mines of North and South America, and barely enough for our defense program alone. In the first half of 1941 the United States imported 470,000,000 pounds of wool against only 180,000,000 pounds in the same period of the previous year. We are short of lead and taking all that Mexico can turn out, erecting a special refinery to take care of it.

The increase in American purchases from South America has had a three-fold purpose. First, the enormous demands of the defense program and of enlivened civilian consumption have to be met from any and all available sources. Second, we are still dangerously dependent on the East Indies for several staples like tin, rubber and tungsten, which can be produced in South America without the long ocean haul or the danger of war with Japan. And lastly we are buying to keep South America from being tempted to sell them to the Axis powers. As a result, we are now making "total purchases." For example in May we made an agreement to purchase from Brazil all that country could produce of eleven strategic or critical commodities, in exchange for which Brazil agreed to sell them to nobody else. In the case of coffee and sugar, the extraordinary American demand has caused the quotas of imports into this country to be raised—in the cause of sugar four times.

The South American countries benefit both from this all-out demand and from higher prices. Some commodities, particularly the metals, have not appreciated, but sugar is up enough to double the Cuban margin of profit, and American takings of Cuban sugar have increased substantially. Coffee is up sharply since the quota system was established

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# Announces We will Defend All Ships

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dress follows, according to the Associated Press:

The Navy Department of the United States has reported to me that on the morning of Sept. 4 the United States destroyer Greer, proceeding in full daylight towards Iceland, had reached a point southeast of Greenland. She was carrying American mail to Iceland. She was flying the American flag. Her identity as an American ship was unmistakable.

She was then and there attacked by a submarine. Germany admits that it was a German submarine. The submarine deliberately fired a torpedo at the Greer, followed lated by another torpedo attack. In spite of what Hitler's propaganda bureau has invented, and in spite of what any American obstructionist organization may prefer to believe, I tell you the blunt fact that the German submarine fired first upon this American destroyer without warning, and with deliberate design to sink her.

Our destroyer, at the time, was in waters which the government of the United States had declared to be waters of self-defense — surrounding outposts of American protection in the Atlantic.

In the north, outposts have been established by us in Iceland, Greenland, Labrador and Newfoundland. Through these waters there pass many ships of many flags. They bear food and other supplies to civilians; and they bear material of war, for which the people of the United States are spending billions of dollars, and which, by Congressional action, they have declared to be essential for the defense of their own land.

The United States destroyer, when attacked, was proceeding on a legitimate mission.

If the destroyer was visible to the submarine when the torpedo was fired, then the attack was a deliberate attempt by the Nazis to sink a clearly identified American warship. On the other hand, if the submarine was beneath the surface and, with the aid of its listening devices, fired in the direction of the sound of the American destroyer without even taking the trouble to learn its identity—as the official German communique would indicate—then the attack was even more outrageous. For it indicates a policy of indiscriminate violence against any vessel sailing the seas—belligerent or non-belligerent.

This was piracy—legally and morally. It was not the first nor the last act of piracy which the Nazi government has committed against the American flag in this war. Attack has followed attack.

A few months ago an American-flag merchant ship, the Robin Moor, was sunk by a Nazi submarine in the middle of the South Atlantic, under circumstances violating long-established international law and every principle of humanity. The passengers and the crew were forced into open boats hundreds of miles from land, in direct violation of international agreements signed by the government of Germany. No apology, no allegation of mistake, no offer of reparations has come from the Nazi government.

In July, 1941, an American battleship in North American waters was followed by a submarine which for a long time sought to maneuver itself into a position of attack. The periscope of the submarine was clearly seen. No British or American submarines were within hundreds of miles of this

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# U. S.-Latin American Relations

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last November, and it has been estimated that every one-cent increase in the price of coffee means an annual increase of $5,000,000 in Colombian trade revenues. Wool, mercury, and a number of other South American staples are up sharply. Since the OPA put a ceiling of 3½ cents on duty-paid sugar the South American countries have been fearing other ceilings on their products, and these American price ceilings are not at all popular to the south of us, but there have been enough increases in price already and enough increase in volume so that the South Americans are doing very well as it is.

Now, however, comes the ironic fact that the South Americans are having difficulty in buying the United States goods they want, with the proceeds of this good fortune. By and large the whole situation may be summed up by saying that the United States has shifted from an economy beset by surpluses to one beset by scarcities; and, by the osmosis of foreign trade, this condition has been carried to South America. Hence just as the problem of surpluses is disappearing from South America, the problem of shortages is appearing. A year ago Argentina was strictly limiting the number of automobiles her citizens could import. Today, with adequate buying power, the Argentines are looking to our defense authorities to see that they get as large a share as possible of the limited number of cars which will be available for export in the coming twelve months. American exporters to South America who only a year ago had to find their way through labyrinths of quotas and exchange restrictions now find themselves in a sellers' market in which the doors are wide open to what they have to sell, but they cannot fill the demand. There are shipping difficulties, export control difficulties, and priority difficulties; the last two are the most serious and are no longer set up by the South Americans but by the United States authorities. It is estimated, for example, that 95 per cent of United States' exports now have to have a license under the Export Control Act of June, 1940; and the remainder will probably soon be brought under the Act. And then there is the greater and still growing trouble of priorities.

How priorities make trouble can be readily seen from a list of South America's major import needs from this country. They include steel; machinery, chemicals, electrical equipment, engineering equipment, airplanes, locomotives, freight cars, trucks and road-building equipment. Everyone of these is now either under priority or is scarce. Fuel is now one of the major needs, and here the transportation difficulty applies just as it does to the gasoline and burning oil requirements of the United States' Atlantic seaboard.

It is essential for political, economic, and military reasons that South America should not suffer more than is necessary from these shortages. For this reason there was set up early this summer a special Export Clearance Department in the Office of the Administrator of Export Controls. As the problem grew, this was soon replaced by the Economic Defense Board, headed by Vice-President Wallace, to fit these hemisphere needs into our priorities system. And now the functions of this Economic Defense Board have been absorbed into the new Supplies Priorities Allocation Board, which will survey and allocate the respective wants of our armed services, our civilian consumers, and our South American customers for the limited supply of materials and machinery. When, for instance, the South American countries want transport planes to replace those of the German lines, SPAB will have to decide whether these planes are to be provided at the expense of the Army Air Corps or the domestic American air transport industry

This, in fact, was one of the reasons for the setting up of SPAB. This hemisphere problem duplicates the fast growing domestic problem of priorities, and just as it was obvious that only one coordinating authority could properly make the allocations for this country's economic system so it must also be obvious that only one such authority can now make the allocations for the hemisphere. In the beginning of the present situation, American exporters had to find their own way through the red tape and the export authorities had neither policy nor machinery to meet the new situation. The first try at it, the export clearance division of the Export Control administration, was inadequate; so was the subsequent Economic Defense Board; there was nothing to do but to put the matter in the hands of the Supply Priorities Allocation Board.

And just as the United States' new condition of prosperity-and-bottlenecks has been transmitted through trade channels to South America, so the new methods of quotas and allocations will have to be transmitted down there also. With limited supplies to be parcelled out, the South American countries will have to cooperate with the SPAB by working out their own schedules of what they want first and how much. SPAB is now working out the principles on which goods and equipment will be allocated to the Latin American countries. One rule of thumb being tried is to take their 1937 imports from this country as a rough guide as to what they are entitled to. Many other factors will complicate the problem, however, including programs for the establishment of military and air bases to the South, but the authorities down there will have to have a say in the matter.

Meantime it is likely that the machinery of the old system will be rapidly dismantled. There is not much point in either side of the Caribbean maintaining protective tariffs or quota limits against the import of goods of which it wants all it can get. The new quotas, it should be remembered, are quite different in purpose from the old; they are intended to parcel out fairly all that can be obtained of a desired commodity so as to make it go as far as possible; the old quotas were designed to keep the commodity out. A trade treaty, for instance, is likely to be signed between the United States and Argentina this year to cut tariffs on both sides, after efforts in this direction have repeatedly failed in recent years.

The trend now is all toward creating an economic unit of the whole Western Hemisphere. This was hoped for and discussed and urged before the defense program, but the difficulties seemed insuperable. Today's situation, on the other hand, makes it essential; the difficulties of trying *not* to operate as a hemispheric economic unit would be almost insuperable.

A major by-product of the new conditions is that the Latin American countries are cooperating with the American military-economic program with greater and greater willingness. The blacklist set up in July against 1800 firms suspected of Axis leanings was not taken particularly well for the natural reason that it necessarily disrupted a good many going business relations. But the Latin American governments appear glad enough to make exclusive selling agreements with us; they have cooperated widely in the elimination of German air lines in South America; and, if only to relieve the shortage of north and south shipping facilities they have taken over some 80 Axis vessels of 400,000 tons which had been lying idle in their ports.

Probably never in the history of inter-American relations has there been such a swift, complete, and kaleidoscopic change as has occurred in 1941.

# Government Attacks Itself

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Connally, McCarren, O'Mahoney, and Hatch, (all Democrats, among whom only Senator Hatch showed the least disposition to comprise) and by Senators Borah, Austin and Steiwer, Republicans. Yet executive belligerency prolonged the struggle and it was bitter and sanguinary, final and acknowledged defeat for the President not coming until anxiety and devotion to a cause that he did not favor had brought about the lamentable death of Senator Joseph Taylor Robinson, of Arkansas, the attractive and able leader of the Democrats of the Senate. There was not a single member of the Supreme Court who did not feel outraged by the attack upon the integrity of the judicial system and some of the oldest and most honored among the Justices, including Justice Brandeis, permitted their disgust and opposition to become publicly known.

The Judiciary Committee's majority report, which sweepingly condemned the entire plan, characterized the measure in indignant and scathing terms. Not much of its deadly dneunciation can be given space here, but the following expressions are typical.

> "We recommend the rejection of this bill as a needless, futile, and utterly dangerous abandonment of constitutional principle. . . .
>
> "It is a proposal without precedent or justification.
>
> "It would subjugate the courts to the will of Congress and the President and thereby destroy the independence of the Judiciary, the only certain shield of individual rights. . . .
>
> "It points the way to an evasion of the Constitution and establishes the method whereby the people may be deprived of their right to pass upon amendments of the fundamental law.
>
> "It stands now before the country, acknowledged by its proponents as a plan to force judicial interpretation of the Constitution, a proposal that violates every sacred tradition of American democracy. . . .
>
> "It is a measure which should be so emphatically rejected that its parallel will never again be presented to the free representatives of the free people of America." *Judiciary Committee Reports, Seventy-Fifth Congress.*

After some maneuvering and abortive efforts at face-

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## Government Attacks Itself

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saving, the President surrendered abjectly and unconditionally, but not without impenatrable and permanent indignation. "Go ahead and write your own ticket," said Vice-President Garner to Senator Burton K. Wheeler, floor-leader of the victorious opposition, "but for God's sake and the sake of the Party, be reasonable."—*"The 168 Days," pp. 277-294.*

Tentative moves intended to suspend the contest in the Senate, and transfer it to the other branch of Congress, were indeed made. They were speedily abandoned when Hon. Hatton W. Sumners, the very able and patriotic chairman of the Judiciary Committee in the House of Representatives, demanded the floor and spoke this warning:—

> "If they bring that bill into this House when we are trying to preserve the solidarity of the Nation, if they bring that bill into this House for consideration, I do not believe they will have enough hide left on it to bother about." *"The 168 Days," pp. 264-5.*

What followed is history. Justice Van Devanter's place was filled by Senator Hugo L. Black, although the "emoluments" of the position had been increased during the term in Congress that he was then serving and, consequently, his appointment was prohibited by the Constitution. In the course of time, the Chief Justice and five of the remaining Associate Justices retired or died in office and now the Court, after the confirmation and qualification of former Attorney-General Jackson and Senator Byrne, will include seven appointees of Mr. Roosevelt, among whom two or three are actually competent lawyers.

The President's indignation has not been interrupted nor has it diminished with the lapse of time. It was said of the Bourbons, long the oldest reigning family in Europe, that they "never learned anything and never forget anything." Control of the Supreme Court, through his own appointees, all former associates of his Administration and four of them prominent as incumbents of executive offices by his own designation when they were named, has not appeased his ever-smoldering wrath that such control was not accorded in conformity with his own plan. This is demonstrated by the leading article in the current issue (post-dated, September 13) of Collier's, published over the signature "Franklin Delano Roosevelt," and entitled "The Fight Goes On." Discussion of this amazing though belated counterblast would have been simplified if, in his anxiety to secure the closing word, the President had not personally copyrighted the article and meticulously given notice, accompanying its publication, that "Reproduction in whole or in part is forbidden, without written permission." Nevertheless, we note that most of the argument has already been made public property by dissemination to and through the daily press and it is at least permissible for a still uncensored periodical to note that reference to the Supreme Court as a "dead hand" mischievously restraining the New Deal's "program" of alleged "progress" is a rather singular and probably unprecedented instance of a vituperative attack by the head of one co-ordinate branch of Government upon another co-ordinate branch.

The article is a long one and scarcely of sustained interest so that, despite its authorship, it may not be extensively read, yet as often as this ancient grudge against the only Court specifically provided by the Constitution is revived, there must be some refutation. Referring to the "Hot-Oil" case *(293 U. S. 388)*, the President notes that it was the first in which the invalidity of an Act of Congress was declared to result from an improper delegation of power and complains, with singular ignorance of a long line of illuminating decisions beginning with the case of *The Aurora*, decided while John Marshall was the Chief Justice, that the limitations of permissible delegation were not laid down. As to another case, Ashwander v. Tennessee Valley Administration, the complaint is that the Justices, although deciding for the Government, failed to go beyond the record and decide questions not at all before them—and yet the President is a lawyer, or at any rate a member of the bar. Bitter complaint is made, also, against the decisions, on which the Government has had continuously to rely, in the "Gold Clause" cases, although these decisions did not deny its intended effect to anything which had been done. It is somewhat surprising, in this connection, to read a passionate Presidential defense of his 1933 degradation of the dollar, which some may have supposed that it was desirable to have forgotten. Many years ago, during an earlier attack upon the integrity of American currency, a Groton school-boy wrote:—

> "Free coinage of silver means therefore a depreciated dollar. . . . The greatest loser of all is the working-man. . . with a depreciated currency prices rise much faster than wages. . . . In fact, the whole contention of the Silverites may be reduced to an attempt to lower wages. . . ."—*Rita Halle Kleeman, "Gracious Lady, The Life of Sara Delano Roosevelt," pp. 204-5.*

It is great pity that, as President, he forgot or transgressed the faith that he held as a youth. Now, he holds that partial repudiation of public and private debts was an essential of recovery and that breaking its solemnly plighted faith was, in 1933, a controlling factor affecting the "fate" of this Nation. These were divided-court opinions, some of them six to three, but condemnation and criticism is equally violent in three cases that were unanimously decided: the Frazier-Lemke case *(295 U. S., 555)*, the Humphries case *(295 U. S. 602)*, and the National Industrial Recovery case *272 U. S. 52, 135)*. In these cases Justices Brandeis, Stone, and Cardozo, liberals against none of whom any sane liberal ever uttered a word, were unhesitatingly with the majority of the Court. When Cousin Alsop reads the animadversions upon the N. R. A. decision, it is surmised that his mind will revert to what he wrote in 1937. Referring to the condemnation of the National Industrial Recovery Act, Mr. Alsop and his associate author said:—

> "The decision was unanimous, for the grandiose, unworkable and distinctly oppressive law appealed no more to liberals than to McReynolds. . . . The decision was popular . . . the millions who had had some disagreeable experience of rising prices, irritating code regulations, or monopoly newly powerful under N. R. A. heartily approved it. Indeed; the decision was the President's best piece of luck during his first term, for it spared him the uncomfortable necessity of lying in the bed he made."—*"The 168 Days," p. 7.*

Not once during the 1936 campaign did President Roosevelt dare to tell the voters that, if re-elected, he would attempt to revive N. R. A., in any form or disguise. Neither did he, during 1940, venture to advise the voters that, if accorded a third term of office, he would either seek to resurrect that discredited effort towards regimentation and artificially abetted monopoly or to renew his attack upon the Judicial Department. Yet now, in the Collier's article, he has strongly asserted a position, the only logical consequence of which, could he prevail, would be a new N. R. A., as meddlesome and vicious as the old one, and another effort to make the Supreme Court, if it should be permitted to survive, merely a time-serving instrument of any President temporarily in office. Indeed, the sole consequence of his present vituperative attack upon the Supreme Court, could it result in legislation consistent with its tenor, would be the abolition of that Court, in its function as an interpreter of the Constitution.

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## As Was Inevitable

(Continued from First Page)

almost everything that he has undertaken. He has succeeded in having them, or the most of them, leave practically all matters that have to do with our relations with foreign countries to his judgment because, so we believe, he was able to persuade them that he would keep them out of war, but he has utterly failed to arouse what is known as the war spirit among the rank and file. It may be, although it appears very doubtful, that he will presently prove equal to the task of converting the majority of the people to what is evidently his way of thinking about our participation in the shooting, but it is plain as a pikestaff that he has not as yet even approached the point of being able to command that virtually unanimous support without which no prudent head of a government would of his own choice enter any such war as the one now raging in most sections of the world.

### *"Incidents"*

It may be that a few more "incidents" such as those of recent days will serve to arouse the American people to a "fighting pitch" roughly comparable to that which was evident in 1917, but it is most gravely to be doubted. The United States is now in the position of the burned child; it fears the fire. It had almost complete faith in Woodrow Wilson, in his forthrightness, in his candor, and in his judgment. Subsequent events have unfortunately proved that faith not entirely well placed. Subsequent events, so far as the rank and file are concerned, and Lansing's war memoirs, so far as the more serious students of public affairs are concerned, have long ago established that fact. It has become all too clear in the intervening years that "making the world safe for democracy" had little or nothing to do with the other World War save in the minds of American idealists, and many of them have learned better long ere this. Moreover, the last time we had from the first made a showing at least of demanding the rights of neutrals, the freedom of the seas, and other doctrines familiar and dear to American hearts, and we ourselves took pains, relatively speaking at least, to respect the ordinary laws of neutrality. This time we have not done any of these things—that is,

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## Announces We Will Defend All Ships

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spot at the time, so the nationality of the submarine is clear.

Five days ago a United States Navy ship on patrol picked up three survivors of an American-owned ship operating under the flag of our sister republic of Panama—the S. S. Sessa. On Aug. 17 she had been first torpedoed without warning, and then shelled, near Greenland, while carrying civilian supplies to Iceland. It is feared that the other members of her crew have been drowned. In view of the established presence of German submarines in this vicinity, there can be no reasonable doubt as to the identity of the attacker.

Five days ago another United States merchant ship, the Steel Seafarer, was sunk by a German aircraft in the Red Sea 220 miles south of Suez. She was bound for an Egyptian port.

Four of the vessels sunk or attacked flew the American flag and were clearly identifiable. Two of these ships were warships of the American Navy. In the fifth case the vessel sunk clearly carried the flag of Panama.

In the face of all this, we Americans are keeping our feet on the ground. Our type of democratic civilization has outgrown the thought of feeling compelled to fight some other nation by reason of any single piratical attack on one of our ships. We are not becoming hysterical or losing our sense of proportion. Therefore, what I am thinking and saying does not relate to any isolated episode.

Instead, we Americans are taking a long-range point of view in regard to certain fundamentals and to a series of events on land and on sea which must be considered as a whole—as a part of a world pattern.

It would be unworthy of a great nation to exaggerate an isolated incident or to become inflamed by some one act of violence. But it would be inexcusable folly to minimize such incidents in the face of evidence which makes it clear that the incident is not isolated, but part of a general plan.

The important truth is that these acts of international lawlessness are a manifestation of a design which has been made clear to the American people for a long time. It is the Nazi design to abolish the freedom of the seas and to acquire absolute control and domination of the seas for themselves.

For with control of the seas in their own hands, the way can become clear for their next step—domination of the United States and the Western Hemisphere by force. Under Nazi control of the seas, no merchant ship of the United States or of any other American republic would be free to carry on any peaceful commerce, except by the condescending grace of this foreign and tyrannical power. The Atlantic Ocean, which has been, and which should always be, a free and friendly highway for us, would then become a deadly menace to the commerce of the United States, to the coasts of the United States, and to the inland cities of the United States.

The Hitler government, in defiance of the laws of the sea and of the recognized rights of all other nations, has presumed to declare, on paper, that great areas of the seas—even including a vast expanse lying in the Western Hemisphere—are to be closed, and that no ships may enter them for any purpose, except at peril of being sunk. Actually, they are sinking ships at will and without warning in widely separated areas both

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# As Was Inevitable

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until quite recently when it appeared convenient to the President again to raise some of these time honored doctrines, but withal without mention of the obligations of neutrality.

We have not even made a pretense of demanding that the "democracies" respect our rights as a neutral. Even before the present war started we had gone on record as being willing to forego many such rights, although technically reserving the privilege of demanding them if we chose. Almost from the beginning we have been neutral in name only, if even in that degree. Our responsible public officials, including particularly the President himself, have repeatedly excoriated other nations and other governments with which we were at least technically at peace. We have been guilty of almost endless international intrigue for the purpose of aiding one group of belligerents at the expense of the other, and we have made a regular practice of boasting of the aid we were furnishing or would shortly furnish one group to the detriment of the other. Indeed it may be said that we have in everything but name long ago entered the struggle against Germany and her allies. The American people dislike Hitler, the strutting Mussolini and all they represent most cordially. For this dislike they have the strongest of reasons.

At the same time, however, they have an innate sense of fair play, and in such matters as these at least a certain degree of realism in their make-up. It is not reasonable to expect them, one and all, in existing circumstances to become infuriated over German transgressions at Sea as they did in 1916 and 1917. Those who would stir such emotions with arguments harking back to that earlier era have an essentially weak case, and they must be aware of the fact. The cold truth of the matter is, in any event, that the American people for the most part, rightly or wrongly, have long ago largely abandoned the notion that the traditional doctrines of freedom of the seas under conditions of modern warfare on a scale such as that now obtaining are enforceable or worth fighting for in many such cases as now seem to arising and threatening to arise. If such were not the case the so-called neutrality laws would never have reached the statute books, and they would not today be so difficult to expunge from those books.

There are many other reasons why the war spirit of 1917 so well remembered by the older generations is so conspicuously lacking at the present moment, and, in our belief, so likely to remain largely lacking barring incidents more dramatic and far more inflaming than any so far occuring. We have repeatedly referred to them in these columns, and there is no need to repeat them here. The question at present before us concerns our course now that we are apparently about to be brought face to face with the inevitable and disagreeable results of our own acts. Short of a formal declaration of war which appears to be out-moded these days, there is little likelihood that the American people, or, for that matter, Congress will have a great deal to say in any formal way about what is to be done, so largely have the Constitution and innumerable recent statutory enactments placed the destiny of the nation in the hands of the Chief Executive. Not even so headstrong an individual as President Roosevelt, however, can escape the pressure of public opinion when well crystallized and even half articulate.

What then does the American people wish done in light of the existing situation? What should it want done? These are questions which should be, and doubtless are, searching the souls of all thoughtful and patriotic citizens throughout the length and breadth of the land. They are queries which none of us can longer afford to ignore or neglect.

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While the editorial paragraphs above were waiting for the press, the President delivered to the people of this country (and of other countries) a radio address, which, according to one of his secretaries, was to make the position of this country utterly clear.

It did nothing of the sort, of course, but it has placed both Germany and the people of this country upon notice that shooting is about to begin. The address left our position in the dark at important points for the reason that nowhere did it make known (and nowhere since it has been made known) precisely what waters the Administration considers "defensive waters". Apparently this essential information was purposely withheld—the official explanation is that the boundaries will depend upon Germany's actions in the future. It was nonetheless a notice that shooting was about to begin (indeed some shooting seems to have actually begun) by reason of the fact that in order to avoid it Germany, at the very least, would apparently be obliged to withdraw her Atlantic forces from areas which that country has designated as areas of sea warfare in which she has regularly been operating for a good while past. To be certain of avoiding clashes she might well have to withdraw in very large measure from the "battle of the Atlantic". These things no one expects her to do.

The President has evidently left himself wide leeway in these matters, and it is possible that he does not really intend to be as belligerent as he sounds, that some of his statements are to be taken in a Pickwickian sense, but if so he, by making such utterances, has made a bad situation worse. If one is to interpret what the President now says in light of his former tactics, it is conceivable at least that what he really does will depend in substantial measure upon the public reaction to what he has said. This, of course, leaves the situation in an unsatisfactory state in one sense, but somewhat encouraging in another. It is unsatisfactory in that it contains so many elements of uncertainty; it may be encouraging if the Rubicon is not definitely crossed, leaving an opportunity for the American people to make their wants and wishes defnitely and imperiously known.

In arriving at their own conclusions concerning the course we should now pursue, it would be well for the people of this country not to permit themselves to become involved in questions of international law—which has been honored for more in the breach than in the observance on all sides—and center attention upon our own interests in this tangled affair without becoming emotionally unbalanced at this critical time.

# Announces We Will Defend All Ships

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within and far outside of these far-flung pretended zones.

This Nazi attempt to seize control of the oceans is but a counterpart of the Nazi plots now being carried on throughout the Western Hemisphere — all designed toward the same end. For Hitler's advance guards — not only his avowed agents but also his dupes among us—have sought to make ready for him footholds and bridgeheads in the New World, to be used as soon as he has gained control of the oceans.

His intrigues, his plots, his machinations, his sabotage in this New World are all known to the government of the United States. Conspiracy has followed conspiracy.

Last year a plot to seize the government of Uruguay was smashed by the prompt action of that country, which was supported in full by her American neighbors. A like plot was then hatching in Argentina, and that government has carefully and wisely blocked it at every point. More recently an endeavor was made to subvert the government of Bolivia. Within the last few weeks the discovery was made of secret air landing fields in Colombia, within easy range of the Panama Canal. I could multiply instances.

To be ultimately successful in world mastery, Hitler knows that he must get control of the seas. He must first destroy the bridge of ships which we are building across the Atlantic, over which we shall continue to roll the implements of war to help destroy him and all his works in the end. He must wipe out our patrol on sea and in the air. He must silence the British Navy.

It must be explained again and again to people who like to think of the United States Navy as an invincible protection, that this can be true only if the British Navy survives. That is simple arithemetic.

For, if the world outside the Americas falls under Axis domination, the shipbuilding facilities which the Axis powers would then possess in all of Europe, in the British Isles, and in the Far East would be much greater than all the shipbiulding facilities and potentialities of all the Americas—not only greater, but two or three times greater. Even if the United States threw all its resources into such a situation, seeking to double and even redouble the size of our Navy, the Axis powers, in control of the rest of the world, would have the manpower and the physical resources to outbuild us several times over.

It is time for all Americans of of all the Americas to stop being deluded by the romantic notion that the Americas can go on living happily and peacefully in a Nazi-dominated world.

Generation after generation, America has battled for the general policy of the freedom of the seas. That policy is a very simple one—but a basic, fundamental one. It means that no nation has the right to make the broad oceans of the world, at great distances from the actual theater of land war, unsafe for the commerce of others.

That has been our policy; proved time and time again, in all our history.

Our policy has applied from time immemorial—and still applies—not merely to the Atlantic but to the Pacific and to all other oceans as well.

Unrestricted submarine warfare in 1941 constitutes a defiance—an act of aggression—against that historic American policy.

It is now clear that Hitler has begun his campaign to control the seas by ruthless force and by wiping out every vestige of international law and humanity.

His intention has been made clear. The American people can have no further illusions about it.

No tender whisperings of appeasers that Hitler is not interested in the Western Hemisphere, no soporific lullabies that a wide ocean protects us from him—can long have any effect on the hard-headed, far-sighted and realistic American people.

Because of these episodes, because of the movements and operations of German warships, and because of the clear, repeated proof that the present government of Germany has no respect for treaties or for international law, that it has no decent attitude toward neutral nations or human life — we Americans are now face to face, not with abstract theories, but with cruel, relentless facts.

This attack on the Greer was no localized military operation in the north Atlantic. This was no mere episode in a struggle between two nations. This was one determined step toward creating a permanent world system based on force, terror and murder.

And I am sure that even now the Nazis are waiting to see whether the United States will by silence give them the green light to go ahead on this path of destruction.

The Nazi danger to our Western World has long ceased to be a mere possibility. The danger is here now—not only from a military enemy but from an enemy of all law, all liberty, all morality, all religion.

There has now come a time when you and I must see the cold inexorable necessity of saying to these inhuman, unrestrained seekers of world conquest and permanent world domination by the sword—"You seek to throw our children and our children's children into your form of terrorism and slavery. You have now attacked our own

# New Tax Measure Now Goes To Conference

(*Continued from page* 119)

Other Senate changes included higher surtaxes for corporations elimination of a special 10% tax on corporations not earning sufficient income to pay excess profits levies, elimination of House taxes on radio time sales, billboards and soft drinks and an increase from 5 to 10% in the House tax on local telephone bills.

By making their concessions, leaders won Senate approval one day ahead of their schedule, which had called for final action today. When the final test came after six and a half hours debate yesterday, a chorus of "ayes" resounded through the chamber.

Senator La Follette (Prog-Wis.) who had fought tooth-and-nail against many provisions of the bill then demanded the roll call.

In addition to the 67 who voted for the bill, 14 Senators who were absent were announced as in favor of passage. These included Senators Davis (Republican, Pa.) and Smathers (Democrat, N. J.)

Besides lowering present exemptions, the Senate bill would raise individual and corporation income tax rates all along the line. Individual income levies (including surtaxes) would start at 10% instead of the present 4%.

At the instance of Administration Senate forces Senator Downey (Democrat) of California, was said to have agreed on Sept. 5 to with hold the $30-a-month pension amendment if the leadership would promise to consider it later as a separate bill.

From its Washington bureau on Sept. 9 the New York "Journal of Commerce" had the following to say in part:

> Acceptance by the House of the Byrd rider to the $3,583,900,000 tax bill to establish a special committee to seek cuts in Government expenditures was seen probable tonight on the eve of initial meetings of the Senate and House conference committee to iron out the differences in the measure.
>
> Members of the House conference group contacted today expressed support for the move to bring economy squarely into the tax picture, with Chairman Doughton (Dem., N. C.) voicing his opinion that "it's a crime to waste any money during this emergency."
>
> The Byrd proposal aims at reducing expenditures of the Government outside of the needs for defense by upward of $1,000,000,000 below the current fiscal year budget estimates. The committee would be composed of Senate and House appropriations and taxing committees, Secretary of Treasury and Director of the Budget.
>
> The committee is directed to make a complete study of "all expenditures of the Federal Government with a view to recommending elimination or reduction of all such expenditures deemed to be non-essential." The group would report to the President and Congress as quickly as its studies were complete.

safety. You shall go no further."

Normal practices of diplomacy—note writing—are of no possible use in dealing with international outlaws who sink our ships and kill our citizens.

One peaceful nation after another has met disaster because each refused to look the Nazi danger squarely in the eye until it actually had them by the throat.

The United States will not make that fatal mistake.

No act of violence or intimidation will keep us from maintaining intact two bulwarks of defense: first, our line of supply of material to the enemies of Hitler, and second, the freedom of our shipping on the high seas.

No matter what it takes, no matter what it costs, we will keep open the line of legitimate commerce in these defensive waters.

We have sought no shooting war with Hitler. We do not seek it now. But neither do we want peace so much that we are willing to pay for it by permitting him to attack our naval and merchant ships while they are on legitimate business.

I assume that the German leaders are not deeply concerned by what we Americans say or publish about them. We cannot bring about the downfall of Nazism by the use of long-range invective.

But when you see a rattlesnake poised to strike, you do not wait until he has struck before you crush him.

These Nazi submaries and raiders are the rattlesnakes of the Atlantic. They are a menace to the free pathways of the high seas. They are a challenge to our sovereignty. They hammer at our most precious rights when they attack ships of the American flag—symbols of our independence, our freedom, our very life.

It is clear to all Americans that the time has come when the Americas themselves must now be defended. A continuation of attacks in our own waters, or in waters which could be used for further and greater attacks on us, will inevitably weaken American ability to repel Hitlerism.

Do not let us split hairs. Let us not ask ourselves whether the Americans should begin to defend themselves after the fifth attack, or the tenth attack, or the twentieth attack.

The time for active defense is now.

Do not let us split hairs. Let us not say—"We will only defend ourselves if the torpedo succeeds in getting home, or if the crew and the passengers are drowned.

This is the time for prevention of attack.

If submarines or raiders attack in distant waters, they can attack equally well within sight of our own shores. Their very presence in any waters which American deems vital to its defense constitutes an attack.

In the waters which we deem necessary for our defense, American naval vessels and American planes will no longer wait until Axis submarines lurking under the water, or Axis raiders on the surface of the sea, strike their deadly blow—first.

Upon our naval and air patrol — now operating in large number over a vast expanse of the Atlantic Ocean — falls the duty of maintaining the American policy of freedom of the seas — now. That means, very simply and clearly, that our patrolling vessels and planes will protect all merchant ships—not only American ships but ships of any flag—engaged in commerce in our defensive waters. They will protect them from submarines; they will protect them from surface raiders.

This situation is not new. The second President of the United States, John Adams, ordered the United States Navy to clean out European privateers and European ships of war which were infesting the Caribbean and South American waters, destroying American commerce.

The third President of the United States, Thomas Jefferson, ordered the United State Navy to end the attacks being made upon American ships by the corsairs of the nations of North Africa.

My obligation as President is historic; it is clear; it is inescapable.

It is no act of war on our part when we decide to protect the seas which are vital to American defense. The aggression is not ours. Ours is solely defense.

But let this warning be clear. From now on, if German or Italian vessels of war enter the waters, the protection of which is necessary for American defense, they do so at their own peril.

The orders which I have given as commander in chief of the United States Army and Navy are to carry out that policy—at once.

The sole responsibility rests upon Germany. There will be no shooting unless Germany continues to seek it.

That is my obvious duty in this crisis. That is the clear right of this soverign nation. That is the only step possible, if we would keep tight the wall of defense which we are pleded to maintain around this Western Hemisphere.

I have no illusions about the gravity of this step. I have not taken it hurriedly or lightly. It is the result of months and months of constant thought and anxiety and prayer. In the protection of your nation and mine it cannot be avoided.

The American people have faced other grave crises in their history—with American courage and American resolution. They will do no less today.

They know the actualities of the attacks upon us. They know the necessities of a bold defense against these attacks. They know that the times call for clear heads and fearless hearts.

And with that inner strength that comes to a free people conscious of their duty and of the righteousness of what they do, they will—with divine help and guidance — stand their ground against this latest assault upon their democracy, their sovereignty, and their freedom.

*Ed. Note: Labor difficulties have delayed the appearance of this issue. We have taken advantage of this delay to present the President's address.*

## Pressed Steel Car Plant Strike Ended

The strike at the McKees Rock, Penna., plant of the Pressed Steel Car Co., was called off Sept. 6 at the request of the National Mediation Board, the strike had closed the plant on Aug. 29. Concerning the reopening, United Press Pittsburgh advices of Sept. 6 said:

> More than 100 employees returned to work to unload 250 carloads of steel and lumber, while the rest of the employees are to be back on the job Monday.
>
> The walkout began Aug. 29 when the S. W. O. C. contended that it had obtained a majority of members among the employees since the Independent Car and Foundry Workers, an independent union, was certified early this year by the National Labor Relations Board as the collective bargaining agent.

A previous reference to the strike appeared in our Sept. 4 issue, page 16.

# On The Foreign Front

### *European Stock Markets*

Contrasting sharply with the dull and uncertain trend of our own stock markets, European exchanges this week reported a continuance of the decided upswing which now has been in progress for some time. Optimistic views as to war and other developments possibly stimulated the foreign markets, but it also is possible that inflationary tendencies are making themselves increasingly manifest. Whatever the cause, London noted steady advances in gilt-edged securities and a good tone in almost all others. Home rail stocks were quiet, but a number of industrial specialties showed improvement. Mexican issues were in demand on reports of a general settlement of the troubles occasioned by the nationalization of oil resources there. The modified optimism of Prime Minister Churchill's review of the war was followed, Tuesday, by fresh gains in many issues. The Berlin market was inactive, which is now the normal situation there. But prices tended to advance moderately. The Netherlands market at Amsterdam disclosed a fair inquiry for securities.

### *Greer Incident*

Emphasizing the steady approach of the United States toward all-out shooting participation in the European war is the incident of the American destroyer Greer, 1,200 tons, which was engaged by a German submarine in waters nead Iceland on Sept. 4. The ship was made the target for several torpedoes, but the missiles fortunately missed their mark, and a counter-attack with depth bombs immediately was made upon the attacking submarine. These also, it seems, were unavailing, for the submarine reported the incident to Berlin, and the German authorities supplied a version which differed fundamentally from that of the United States Navy, although it doubtless suited the German populace better. According to Berlin, the American ship was the attacker and the torpedoes were discharged only in self-defense. Needless to say, the German version made no impression on this side of the Atlantic. The entire incident disclosed, however, the greatly increased danger of explosive incidents which followed our maintenance of armed forces in Iceland, along with the British.

Various other occurrences of recent days also have served to throw into high relief the difficulties of the American position of technical neutrality. Canada's Prime Minister, W. L. Mackenzie King, issued an outright call for American participation in the course of a luncheon in London, Sept. 4. Prime Minister Winston Churchill, who attended the luncheon, made clear his approval of the comments. Mr. King urged the United States to stand at the side of Great Britain in the conflict with Nazi Germany, as a reflection of that "deepening interdependence of the free world" which was signalized by Mr. Churchill's assurance of British aid to the United States in any clash with Japan. The Canadian Prime Minister saw in such an American declaration a good deal of "meaning" for the German people, and he also viewed the suggested statement as what he called a "realistic recognition that Britain is the one obstacle in the way of a Nazi attack upon the New World". The actual course of the United States was unchanged, for the time being, although a speech by President Roosevelt tonight may steer the country still more closely to war. The degree to which the United States is becoming committed in Eastern Europe was illustrated by the arrival of a Russian mission via Alaska, and by the dispatch of a five-man mission to attend the Moscow conference suggested by President Roosevelt and Prime Minister Churchill, a month ago. Even Polish troops training in Canada are to be aided under the lend-lease measure, because Mr. Roosevelt regards Polish action as "vital to the defense of the United States.".

The Greer incident overshadowed all else in the field of American policy, and the controversy can be expected to echo indefinitely, since it involves the fundamental question of the freedom of the seas. The Navy Department reported the attack late on the same day on which it occurred. The terse statement said merely that the Greer was on the way to Iceland with mail, when a submarine attacked her by firing torpedeos which missed their mark. The Greer immediately counter-attacked with depth charges, but results were not known, the Navy indicated. President Roosevelt took up the matter in his press conference last Friday, and he made clear that he believed the attack was deliberate. Adding slightly to the information disclosed by the Navy statement, Mr. Roosevelt revealed that the attack was made in broad daylight, with visibility good, and the flag and identity marks of the ship plainly showing. American naval vessels were searching for the attacking submarine and would "eliminate" it, the President declared. He asserted that the incident occurred on what he called the American side of the ocean.

In a German statement of last Saturday, which charged that the Greer began the attack, the precise location of the incident was furnished. It occurred, Berlin said, at a point charted at Lat. 62 degrees 31 minutes N. and Long. 27 degrees 6 minutes W., which would place the attack about 200 miles southwest of Reykjavik, capital of Iceland. A German submarine fired torpedoes, the German statement admitted, but only after alleged attacks with depth bombs by the Greer. The incident began soon after noon, on Sept. 4, and continued nearly until midnight of that day, if the German version is accurate in this sense. The American charge that the attack was initiated by the submarine can only have the purpose, the Berlin statement said, of "giving the attack of an American destroyer on a German submarine, which was undertaken in complete violation of neutrality, a semblance of legality." Berlin added the comment that in the German view the alleged attack by the American destroyer furnishes evidence that Mr. Roosevelt has ordered attacks upon German submarines and "is endeavoring with all the means at his disposal to provoke incidents for the purpose of baiting the American people into the war."

Two merchant ship sinkings followed close on the heels of the Greer incident, and brought about an ever sharper deterioration of relations between the European Axis Powers and the United States. The State Department announced on Monday that an aerial bomb had sunk the American freighter Steel Seafarer, 5,719 tons, in the Red Sea last Friday. The vessel was the second American flag ship to be sunk in the course of the present European war, the first having been the Robin Moor, which went down in the South Atlantic last May. No lives were lost in the bombing and sinking of the Steel Seafarer, and the State Department disclaimed positive knowledge of the nationality of the attacking airplane. The general assumption was, of course, that either a German or an Italian airplane had done the sinking, and ominous repercussions are considered inevitable. The Red Sea was specifically declared an open area into which American ships might enter by President Roosevelt, in April. But the Germans and Italians held to their contention that it was a war area. Of less direct interest to the United States, but also of some importance, was the torpedoing, reported Tuesday by the State Department, of the Panamanian flag ship Sessa, 1,700 tons, some 300 miles southwest of Iceland. This ship went down Aug. 17 with an apparent loss of 24 members of the crew, including one American. The Sessa was one of the Danish vessels taken over in American harbors by the Maritime Commission and utilized in ordinary shipping services. This sinking occurred while the ship was proceeding on a voyage to Iceland with foodstuffs, lumber and a general cargo. Here again it was considered that a German submarine was responsible, and the results are unpredictable.

### *Pacific Region*

Tension in the Far East was somewhat relieved this week, as American tankers moved without molestation into the Russian port of Vladivostok with large supplies of aviation gasoline, but it is clear that final decisions in Tokio respecting war or peace in the Pacific remain to be taken or disclosed. The first of three tankers carrying gasoline for the Russians was reported at Vladivostok on Sept. 4, and the remaining two ships arrived safely in the next four days. This was a highly important gain in the diplomatic efforts to prevent the Japanese from interfering with American or British supply lines to Russia. Protracted conferences were noted at Tokio between United States Ambassador Joseph C. Grew and officials of the Japanese Foreign Office. The purport of such discussions remains undisclosed, however, and no information is being made available in Washington regarding the many difficult problems entailed in the effort to halt Japanese aggression. Contrasting with the signs of improvement in relations are indications that Japan is preparing for further outbreaks of war. Premier Prince Fumimaro Konoye warned the Japanese people late last week that Japan "faces the gravest crisis in her history." Ships were dispatched by Tokio to repatriate Japanese nationals from the United Kingdom and the British Dominions, but no comparable action is reported respecting Japanese in the United States. It remains more than possible that the Japanese militarists are bidding their time in the expectation of an attack upon Siberia, if and when the Germans defeat Russia in Europe.

### *Russian Resistance*

Vast battles are in progress on the 1,650 mile front in Russia, where the Germans are trying to win against time and the Russians are struggling mightily against their well-armed opponents. The outcome of the tremendous struggle remains uncertain, save in the sense that all participants are fast reaching the point of exhaustion. Official statements on both sides were terse and uncommunicative. It appeared, however, that counter

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## On The Foreign Front

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strokes of vital importance are being made by the Russians in the central area, around Smolensk and Gomel, while the Germans and their allies made at least some progress toward the capture of the key cities of Leningrad in the north, and Odessa in the south. The problem of supply plainly becomes more and more troublesome with the passing weeks of this tremendous effort, and both sides are beset by such difficulties. There were rumors from London yesterday, however, that the Russians are feeling the pinch perhaps more than their adversaries. Sir Stafford Cripps, the British Ambassador to Moscow, is said to have been informed that the Russians expect early supplies from Britain and the United States, and also a more effective effort by British forces in western Europe. But the Russian winter nears, and the weather possibly will prove again, as in the past, the best friend of the Russian forces.

Although much prominence currently is being accorded the battles at both ends of the great line, most military experts are agreed that the center is the vital area in the Russian campaign. Well organized counter-attacks against the Germans were made by the forces of the Russian center, and these developed by Tuesday to the point where the recapture of numerous villages and 150 sq. miles of territory could be claimed officially by the Moscow authorities. The precise line of fighting is in some doubt, since there are dispatches available from Berlin and Berne which suggest that the Reich forces have advanced to Bryansk and Konotop, whereas the Soviet description of the battle would seem to place it near Gomel and Smolensk. Eight German divisions, in any event, are reported routed by the Russians in the center. Military authorities point out that enveloping movements are being attempted by both sides in the center, with important and abrupt changes possible at any time. In all probability another "battle of annihilation" is in progress, and it is significant that the Reich High Command no longer issues frequent statements to the effect that effective Russian resistance has been wiped out. Instead, Berlin admits the stubborn fighting qualities of the Soviet troops. The Nazis were reported as endeavoring to straighten out their lines, preparatory to digging in for the winter. They bombed Moscow heavily on Tuesday night, which indicates that daylight operations still are prevented by the Russian air force.

That the position of Leningrad now is grave cannot be doubted, for the Russians began several weeks ago to prepare for an all-out defense by soldiers and civilians, alike. In the last few days the Germans claimed officially the complete encirclement of Leningrad, by land, the trap having been closed with the Nazi capture of Schluesselberg, Monday. Escape for the Russians over the waters of Lake Ladoga still is possible, but few could make good a retreat by that route. The earlier decision to defend the city to the bitter end thus seems likely to stand. German heavy artillery was reported shelling the great industrial center, and immense air raids also are said to have been made by the Nazis. Finnish troops, meanwhile, continued their advance over the Karelian isthmus, and around the northern shore of Lake Ladoga. A junction of the Germans and Finns is said in some dispatches to have occurred. Odessa, in the far south, remained under siege by Nazi-Rumanian forces, which were said in Moscow to be suffering heavy casualties. The city defenders are being supplied by the Russian Black Sea fleet, and the stout defense is expected to continue indefinitely. Berlin spokesmen suggested an early capitulation of the city of Kiev, but that important municipality is in the center and the decision on the field will probably decide the fate of Kiev.

### Iranian Route

Acceptance of Anglo-Russian demands by the Iranians was reported yesterday, and the end of the vest-pocket war in that Middle Eastern country thus is reached, with the supply route for Russia assured. The incident will prove a highly important one for the conduct and duration of the war. That the Russians will hold out is now considered assured, but the promised supplies from Great Britain and the United States are likely to prove vital for the Russian defense. It is through the Iranian route, especially, that supplies are likely to flow into Russia, and the possibility is not to be disregarded that a British Expeditionary Force may be sent into Russia in order to aid in the defense of that country. The Anglo-Russian troops met little military resistance in Iran, but diplomatic resistance to the demands of the two invading countries was pronounced. The incident finally has been settled, however, with an agreement whereunder the Russians are to occupy a northern strip of Iran, and the British a southern strip. Oil wells and transportation facilities are to be held by the British, and the German nationals who furnished the casus belli are to be interned, or delivered to the Allies. The Iranian Parliament approved the terms on Tuesday.

### Anglo-German Conflict

Bitter aerial and sea fighting continued between British and German forces, as the great European war moved well into its third year. The attacks were varied by a British disclosure that the Norwegian islands of Spitzbergen had been raided by British, Canadian and Nowegian troops. But the principal incident of recent days probably was a sweeping review of war developments and the prospects for the future, supplied Tuesday by Prime Minister Winston Churchill to the British House of Commons. More optimistic than on most previous occasions, the Prime Minister reported to the first session of the Commons after the return of that body from a brief holiday. It was also the first session since the Atlantic conference of President Roosevelt and Mr. Churchill. In that conference, Mr. Churchill informed the house, highly important decisions were reached regarding aid for Russia, and the policy to be pursued to halt Japanese aggression and prevent the war from spreading to the Pacific. As in the case of his radio address of Aug. 24, the Prime Minister asserted that Britain and the United States had pledged themselves jointly to the destruction of the Nazi tyranny, the phrase being taken from the eight-point declaration.

In his comments on the Battle of the Atlantic, Mr. Churchill was fairly hopeful, but he warned the House against false hopes and vain talk. During July and August the sinkings of British and Allied merchantmen were only slightly more than one-third of the total Axis tonnage sunk in the same period by British and Allied submarines and airplanes, he declared. He considered the Germans to be much hampered on the American side of the Atlantic by fear of trouble with the powerful American naval forces. "This has been a help to us but I wish it might be a greater help," he added. Hitler has the greatest need, Mr. Churchill said, to prevent the precious stream of munitions supplies now crossing the Atlantic from reaching British shores, and the whole Atlantic possibly will be turned into a war zone if the German tactics should change. The British spokesman referred proudly to the strong British and American forces now occupying Iceland jointly, without indicating when the promised withdrawal of British troops would take place. The Allied front now runs in an immense crescent from Spitzbergen in the Arctic to Tobruk in the Western Desert. He praised the "magnificent resistance" of the Russian armies, which he asserted had cost the Germans more casualties in three months than the Reich suffered in any full year of the first World War. But the Russians must be assisted, the Prime Minister added, and he warned the House that a considerable diversion of supplies may take place, both from Empire and American sources.

The Spitzbergen incident seems to have been more sensational than significant, for no opposition was encountered when a force landed in the islands, far to the north of Norway. Mines were destroyed, and most of the Norwegian miners were carried to England. British officials were quoted as saying that the Nazis had planned to take Spitzbergen and use the coal mines there to augment their dwindling supplies of fuel, but a degree of skepticism is permissible with respect to such alleged plans, in view of Mr. Churchill's statements about huge Axis shipping losses and in the light of the continued British control of the seas. Some members of the landing party apparently were left to hold Spitzbergen, the seizure of which was announced in London on Monday.

In the aerial battle which now is coming to be known as the Battle of Germany, the British fliers far outnumbered the Germans, who seem to be rather deeply engaged on the Russian front. Great squadrons of bombers soared over the Channel and bombed Berlin night after night in bright moonlight. Russian airplanes joined in this task at times. But the British attack far outweighed the Russian endeavor, and it also was extended to a much larger area. German ports and industrial cities by the score were hammered, and daylight raids were made upon the invasion coast opposite England. British airplane losses ran to 10 and 12 a day, at their admitted maximum. The Germans attempted some resistance, especially when attacks were made on Oslo and other Nowegian ports held by the Nazis. Some American-made bombing airplanes were lost in these battles, and at least three members of the American Eagle squadron were reported missing. The heaviest raids on the Reich developed last Sunday, which was the anniversary of the all-out German aerial assault upon England. In the war at sea the Germans apparently were less successful than in many previous months, but some sinkings of British and Allied vessels were reported almost every day. British officials viewed the Battle of the Atlantic, however, as "not going too badly." London was able to announce, Tuesday, the sinking in Far Northern waters of the German cadet ship Bremse, 1,400 tons, and several other ships supplying German troops on the Russian Arctic front. An interesting incident was the capture of a German submarine in the Atlantic, after an aerial attack on the vessel. The submersible was towed to a British port, according to a London announcement of Monday.

### Mediterranean Warfare

Intensive preparations plainly are being made both by the British and the Axis Powers for a renewal of the struggle in the Mediterranean, now that cooler weather impends. Attacks on supply lines make this clear. German and Italian aircraft are reported in raids on the Suez and the shipping using that passage, with the sinking of the American ship Steel Seafarer one obvious indication. British submarines are operating in the central Mediterranean and causing havoc among Italian vessels speeding on the two main routes between Italy and Libya. An Italian cruiser of 10,000 tons was reported torpedoed, on Sept. 5, and a large liner believed to be carrying troops to Africa also was hit, London announced. On the following day London officially reported the sinking of the Italian transport Esperia, 11,398 tons, and Rome conceded the sinking this week. A smaller freighter also was sent to the bottom, London said. Aerial raids on Italian ports in Libya were continued, and some bombs were dropped on mainland cities of Italy. These actions foreshadow that resumption of the conflict which all experts regarded as inevitable, when the hot summer ended. Both sides, obviously, are preparing well for the clash, which therefore may prove to be far more sanguinary than the campaigns of last winter.

### Latin-America

Steadily closer integration of political and economic relations between the United States and the various countries of Latin-America now is a matter of daily record, and in almost all senses this is an occasion for gratification. The improvement of political relations can only be regarded as a distinct benefit in these troublous times. Economically, the United States appears to be giving far more than it is receiving under the current arrangements, which is an aspect that may or may not be rectified in the future. Infiltration of Nazis in Latin-America, and the German propaganda in general, now are being combatted everywhere. Argentina this week has been swayed from its former conception of strict neutrality by an investigation of anti-Argentine activities, which disclosed a campaign for the "Nazification" of the entire Western Hemisphere. A charge to this effect was made at the conclusion of the inquiry by the Argentine Deputy, Damonte Taborda, who conducted the inquiry. Celebrating the anniversary of Brazil's independence, achieved 119 years ago, President Getulio Vargas declared on Monday that any aggression from any source will find the Americas united in defense. In Mexico and Cuba specific statements of a like nature have been made in recent days, and other Latin-American States are following the same course. Pan-American solidarity assuredly is being achieved, in the political sense.

If economic solidarity is lagging somewhat behind the political unification of the American Republics, the fault cannot be laid to a lack of generosity at Washington, although judgment may be awry. Loans and credits have been extended in profusion to the countries south of the Rio Grande, and fresh advances appear to be in prospect. Washington dispatches last week indicated that Mexico may obtain a sizeable loan in the United States, as part of an extensive agreement for "cooperation." Until all details are available the suspicion will linger that Mexico is unregenerate and possibly is coming into the fold for a consideration. A final cash settlement of the well-justified claims of the American oil companies whose properties were confiscated by Mexico is reported to be part of the deal. But the rumored settlement is far from adequate, and the oil companies are hardly likely to accept a pittance for their large investments in Mexico. British oil companies also are involved, and it is significant that London views the entire matter skeptically. Just what disposition Mexico intends to make of her huge defaulted dollar debts is not clear. It may be observed, indeed, that the debt record of Latin-American countries, with few exceptions, is far from encouraging. Argentina is one of the exceptions, of course, and another came to light last Saturday, when Haiti cancelled arrangements for partial payment of coupons and indicated that full payment is to be made, owing to economic improvement of that country.

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## Says Instalment Credit Stimulates Consumer Demand

Pointing out that "instalment credit has been facilitating a large part of the recent growth in demand for consumers' durable goods," the Board of Governers of the Federal Reserve System, in the September "Bulletin" just issued, notes that "the present volume of consumer instalment debt, amounting to about $6,000,000,000, is at an all-time peak, and is nearly double the recent low in 1938." The Board goes on to say that "during the past year the amount of credit outstanding on automobiles increased over 40%, and other forms of instalment credit also have increased substantially." This is brought out by the Board in discussing its recent consumer credit regulation (known as Regulation W), reference to which was made in the Chronicle of Aug. 30, page 1203. In its September "Bulletin" the Board observes:

> In the past year the country has experienced the most rapid increase in the volume of bank credit during its history. Loans of commercial banks have expanded by nearly $3 billion and their holdings of United States Government obligations by about $3.6 billion, as shown by the chart. As a result of this expansion and of the further increase in monetary gold stock, the country's abundant supply of bank deposits and currency in circulation has increased further. The volume of money payments, as reflected in the figures of debits to checking accounts in banks, has risen sharply since the inauguration of the defense program last summer, and the turnover of bank deposits, which represents the rate at which deposits are being used, has also increased. Although the expansion of bank credit, the growth of currency in circulation, and the building up of Treasury deposits at the Reserve Banks have caused some reduction in the volume of bank reserves in excess of legal requirements, excess reserves are still very large, amounting to about $5 billion for all member banks. These reserves are available to banks as a basis for a further very large expansion in their loans and investments and correspondingly in the volume of deposits.

Likewise the Board states that "one of outstanding banking developments since the start of the defense program has been the rapid growth of bank loans." "By far," it says, "the largest increase has occurred in the broad category of commercial and indus-

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# Says Instalment Credit Stimulates Demand

(*Continued from page* 126)

trial loans which have been expanding sharply for both defense and non-defense purposes."

The Board notes that the reasons for regulating consumer credit and for assigning this task to the Board of Governors of the Federal Reserve System were set forth in the Executive Order (given in our issue of Aug. 16, page 921) and the Foreword to the Board's regulation, embodying the 7 reasons set forth by the President in his Executive order as to the necessity of curbing instalment credit,—one of the reasons reciting that "the extension of such credit in excessive volume tends to generate inflationary developments of increasing consequence as the limits of productive capacity are approached in more and more fields and to hinder the accumulation of savings available for financing the defense program." The Board further stated that the regulation was "issued in the light of the foregoing considerations and as a step supplementing more fundamental governmental measures designed to combat inflationary developments." Incidentally it may be noted here that Secretary of the Treasury Morgenthau in an address at Boston on Sept. 9 declared that inflation "is no longer a threat" but that "we are facing it now and we must deal with it at once." Chairman Eccles of the Reserve Board of Governors, likewise, (in a statement Aug. 24, published on Page 1216 of our Aug. 30 issue) warned that "if there are no restraints upon the public's spending of increasing income for articles that cannot be produced in sufficient quantity to meet the increasing demand, the inevitable result is that the price of these articles will be rapidly bid up. The consequence is what is commonly termed inflation." The Board includes Chairman Eccles' statement in its reference to Regulation W in its September number, and as to the scope and nature of the Regulation says—

The regulation covers primarily extensions of instalment credit for the purpose of purpose of purchasing or carrying certain designated types of consumers' durable goods. The list of articles covered is given in a supplement to the regulation and is subject to change from time to time. Used articles, as well as new ones, are covered in all cases except household furniture. In order to cover more broadly the field of consumers' instalment credit and to prevent evasion of the main purposes of the order and regulation, maturity restrictions are imposed on cash loans repayable in instalments, whether or not secured by listed articles, provided the loan does not exceed $1,000. The regulation does does not apply to open book accounts, nor to any loan payable in full on a fixed date. Instalment contracts and loan agreements made prior to the effective date of the regulation are not covered by regulation, except in certain cases where they are renewed, revised, or consolidated after the effective dates of applicable provisions.

Some types of instalment loans are exempted from the regulation, including loans of over $1,000 not secured by a listed article recently or about to be purchased, first mortgage loans on real estate, some building repair loans, loans made for educational purposes, loans for medical and similar expenses where needed to prevent undue hardship, loans to dealers, and certain other special types.

While the regulation in general is effective as of September 1, 1941, the effective dates of certain provisions have been postponed—some to October 1, some to November 1, and others to January 1. These postponed provisions apply to records to be kept; renewals, revisions, additions, and consolidations of outstanding credit; and in the last case to minimum monthly payments.

For all types of loans covered by the regulation a maximum maturity of 18 months is prescribed and, with some exceptions, loans must be repayable in approximately equal instalments at regular intervals, not exceeding one month. Minimum down payments are required in the case of instalment sales and of loans secured by listed goods. The down-payment requirements amount to 33⅓% for automobiles, which may include the trade-in value of a used car, to 20% for refrigerators and other household appliances, to 15% for major items of housing equipment such as furnaces and plumbing, and to 10% for household furniture.

For all listed goods, except automobiles, the down payment required is figured as a percentage of the full purchase price *minus* the value of the trade-in, if any. For this reason, the instalment buyer of such articles, regardless of the trade-in allowance, must always make a down payment in cash. No down payment is required on real estate modernization loans of less than $1,000 for services and materials other than listed articles, but such loans must be repaid in 18 months.

Persons and agencies subject to this regulation include all who are engaged in the business of making extensions of instalment credit, or discounting or purchasing instalment paper, including instalment sellers of the listed articles, whether dealers, stores, mail order houses, or others; sales finance companies; banks, including Morris Plan and other industrial banks; and personal finance or "small loan" companies and credit unions. Persons engaged in the business of extending the types of credit regulated are required to register not later than the end of the year with the Federal Reserve Bank of their district and must be licensed in order to engage in the business of extending such credits. To all persons engaged in that business, however, a general license is granted by the regulation itself until December 31, 1941.

Thus the institutional coverage of this regulation will be broad, including not only member banks of the Federal Reserve System, which are already under the supervision of the Board in various respects, but also many other types of business establishments. A large part of consumer credit is extended directly by the dealers in the various durable consumers' goods. A somewhat smaller proportion is extended to consumers directly by cash lending agencies, including commercial banks, industrial banks, personal finance companies, credit unions, and a few others. The paper created by vendors of durable consumers' goods is commonly discounted with or sold to finance companies or banks. Some dealers, however, particularly department or furniture stores, finance their instalment sales by borrowing from banks on regular lines of credit or from the open market and hold the instalment paper they create. Sales finance companies also go to banks or to the open market for funds.

# Morgenthau Says Country Is Facing Inflation Sees Tax Bill, Defense Bonds As Correctives

Measures to combat inflation, which he said is no longer a "distant threat" were discussed by Secretary of the Treasury Morgenthau, in addressing the Advertising Club of Boston on Sept. 9. Declaring that we are facing inflation now," and we must deal with it at once," Mr. Morgenthau said "we have now, as we had in 1916, a moderate rise in the cost of living, a great rise in wholesale prices and a still greater rise in the prices of basic commodities like wheat, hogs, cotton and lumber." it is he said "the rise in the prices of basic commodities that constitutes our red light, our warning signal, today, for such a rise is always the advance guard of an increase in the cost of living." He went on to say—

If we fail to use the controls at our disposal now, if we fail to do the specific things which are in our power to check inflation now, if we allow prices to go on rising as they did from 1916 to 1920, we may find that food, fuel, shelter and clothing which now cost a dollar will once more cost almost twice as much before the process has ended.

We can, as I have said before, defeat this threat of inflation, just as we can defeat and destroy the forces of evil that have been let loose upon this earth. But we need to understand the issues and we need to see clearly the consequences of inaction or delay. I should like, therefore, to point out first, what we have done, and then, what we need to do, in order to stop prices from rising further.

In the first place, Congress is on the point of passing a huge tax bill designed to raise almost $4,000,000,000 in additional revenue, thus withdrawing a great amount of purchasing power that competes with the defense effort.

Secondly, the Treasury in its borrowing program is trying to obtain as large a portion of its funds as possible from current consumers' income.

Through a new form of note—the tax anticipation note—it is seeking to increase the effectiveness of the income tax as a check on current purchasing power, and I am happy to report to you that more than a $1,000,000,000 worth of these notes were sold in the month of August.

The Treasury has also begun a program of selling Defense Savings Bonds and Stamps to people of moderate and low incomes. The people have responded to a tune of a billion and a quarter dollars in four months, without coercion of any kind; and in making that response possible the advertising profession has been of truly invaluable help.

The President has recently issued an order authorizing the Board of Governors of the Federal Reserve System to control consumers installment credit.

The Congress is considering, and I hope will pass without undue delay, a bill to limit price rises and to supplement the efforts of the Office of Price Administration to limit those rises by voluntary cooperation.

All these are useful steps to a necessary end, but they are not enough.

We shall have to tax ourselves much more heavily next year than this year, great and far-reaching as the present tax bill will be.

We shall have to invest much more widely and systematically in Defense Savings Bonds and Stamps. In particular, the rising payrolls of the past year have been a clear call to the wage earners of America to set aside a portion of their earnings each week for their own good and their country's good.

We may have to extend general controls over bank credit and create controls over selected capital expenditures.

In his further remarks Secretary Morgenthau expressed the hope "that we may extend the social security program so as to increase the flow of funds to the Treasury from current income during the emergency and increase the outflow of funds when needed in the post defense period. In addition," he said "I have already suggested the creation of what I have called a "separation wage"—that is, an entirely new form of contribution out of which a worker may draw a regular wage for a stated period in case he loses his job. These measures would be good and desirable in themselves, but they are especially necessary at this time, for they should help us to decrease certain forms of purchasing now and increase them in the future when they may be needed."

Mr. Morgenthau also stated that "we must, as I have said many times, reduce nonessential Federal expenditures. We must also appeal for economy in State and local government expenditure and a curtailment of their borrowing for non-defense purposes." Pointing out that all of the measures he had suggested "for combating inflation would attack the problem by reducing the demand for goods now and by helping to build up a backlog of purchasing power for the postwar world." Secretary Morgenthau added in part:

But we should also attack the problem from the opposite direction. We must make every effort to increase the supply of goods available to the consumer wherever this can be done without encroaching upon the defense program. Above all, we must make full use of those supplies that are available, not only in defense production but in the provision of civilian goods which do not compete with defense output. If we reduce undesirable purchasing now and keep prices down now, we shall be helping to provide for the day when these vast defense expenditures will end and when our defense workers will take up the work of peace again.

The most effective way to prevent a damaging rise in prices, is quite simply, to release surpluses from storage.

I wonder if the housewife knows, when she pays 15% more than she did a year ago for a bag of flour, that our supply of wheat is the largest on record, and that 498 million bushels of several years' crops are available in our neighbor democracy of Canada. It is true that only three months ago a rigid quota was applied to the importation of wheat from Canada with the ultimate objective of keeping up the price of wheat in this country. But it is also true that only the other day the quota on sugar from Cuba was enlarged so substantially as to absorb most of the reserve stocks in that country. It seems to me desirable and necessary that we now follow the example set in the case of Cuban sugar and permit the entry of Canadian wheat in larger volume.

Here in this country we have large reserve stocks of farm products of many kinds which should be released for consumption as fast as necessary to prevent unreasonable price rises.

The Government now holds or controls 7,000,000 bales of cotton in reserves, and cotton prices have risen from 9½ cents a pound on August 1, 1939 to over 17 cents a pound at the present time. In spite of this rise of not far from 100% in two years, Congress recently sent to the President a bill to freeze government stocks of cotton and wheat for the duration of the war, and thus to prevent the government from disposing of any of the surplus wheat and cotton it had acquired. The President promptly vetoed the bill because this measure would have aggravated the danger of inflation and might have frustrated our efforts to fight it.

We ought not to withhold cotton surpluses, or any surpluses, from the market in times like these. The housewife ought not to be made to pay a tribute to profiteers and speculators when she buys a cotton sheet for her home or a shirt for her husband or a suit for her child.

Millions of people still go without the milk, butter and eggs which, according to the testimony of food experts and the dictates of plain common sense, are necessary to good health and good morale. Yet the reserve stocks of butter, cheese, beef and pork now held in this country are far higher than they were a year ago and far higher than the average of the past five years. * * *

It is sheer folly from the farmer's point of view to push prices up by creating scarcities in times like these. The farmers suffered cruelly for 12 long years after the collapse of the inflation of 1920 and 1921; they should not be made to suffer again.

It is sheer folly in the same way for labor leaders to seek new increases in wages every few months — new increases which in turn produce higher manufacturing costs, higher prices, and a higher cost of living.

It is short-sighted for a landlord to charge all that the traffic will bear in defense centres where housing space is at a premium.

It is poor business, in the long run, for any businessman to seek exorbitant profits in this period of defense spending.

It is bad banking, in the long run, for any banker to exploit the present demand for funds by seeking to charge unreasonable interest rates.

# Reserve Banks Report On Business

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5% and 9% respectively in July and were 49% and 78% higher than a year earlier. New private residential building continued as active in July as in the preceding three months and for the second successive month overrode the influence of seasonal factors which have customarily made for substantial declines at this time of year. Expansion in consumer incomes, owing particularly to increased factory employment and to large gains in farm cash receipts, was reflected in further gains in retail trade in July. Value of department store sales in that month in the Twelfth District was 10% higher than in January, allowing for seasonal influences, and 15% above that of July 1940.

# LEGAL ODDITIES

## INGENIOUS AND ATTRACTIVE

"There's your new charter entitling you 'to contract for, buy and sell securities and bonds of every nature and description, and to borrow and loan money thereon.' If I'd asked for any wider powers the state would call you a bank', and then. you'd be subject to state supervision and control," the Ohio lawyer explained.

"I suppose that's right, too," the Ohio promoter agreed.

Then this new corporation began business by borrowing high grade bonds on which the corporation agreed to pay interest at specifiied rates (in addition to the bond interest itself), and to return bonds of the same class and amount at the end of the loan period.

"Therefore, you receive not only the interest your securities are earning, but also the additional interest we pay you for the use of your securities, which is the same as a bank paying interest for the use of your cash," was the advertising lure, and many Ohio citizens were deceived thereby.

"That's as good as double interest on our bonds." the bondholding citizens assured themselves.

Then, having acquired a backlog of borrowed bonds, the corporation borrowed money from banks and individual lenders, putting up the borrowed bonds as collateral; lent this money to borrowers who put up more bonds as collateral; the corporation used these bonds to raise more money to lend to more borrowers —and so ad infinitum.

At this stage the State of Ohio intervened, applied for an injunction to prevent any further dealings on the ground that the corporataion was carrying on a banking business without complying with the state banking law, and the Supreme Court of Ohio effectually protected the childlike citizenry from any further loss.

"The scheme devised and attempted is ingenious and attractive, but at least to the extent of soliciting and receiving such deposits of bonds the corporation was engaged in the banking business, and was acting without authority," the Ohio court said.

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**In noting expansion of installment credit Reserve Board calls attention to tendency toward inflation, which regulatory measure seeks to prevent.** **Page 126**

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**Secretary Morgenthau declares country is facing inflation—Regards tax bill and defense bond sales as means of curbing price rises —May extend controls over bank credit and release surpluses from storage suggests "separation wage."** **Page 127**

**President Roosevelt warns Germany and Italy to keep submarines out of waters vital to American defense—orders naval and air patrol to protect merchant ships—No shooting he says unless Germany continues to seek it.** **Page 113**

**President Roosevelt authorizes lease-lend aid to Polish troops training in Canada.** **Page 114**

**Revenue freight car loadings totaled 912,720 cars in week ended Aug. 30—Highest figure reached since Nov. 2, 1930.** **Page 115**

**Commodity Price Average Registers Further Gains in Week Ended Sept. 6 National Fertilizer Assn. reports.** **Page 114**

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**Samuel Shaw Honored by Chemical Bank and Trust Company.** **Page 128**

# Samuel Shaw Honored For 50 Years Of Service By Chemical Bank & Trust Co. Of New York

Samuel Shaw, Vice-President & Secretary of the Chemical Bank & Trust Company, has completed his fiftieth year of service with that institution. In honor of the occasion, he was presented with a gold pin, studded with diamonds, by Mr. Percy H. Johnston, Chairman, in the presence of Mr. Frank K. Houston, President, and a large number of the staff. Mr. Shaw was invested with the pin by Mr. John F. Flaacke, dean of New York bankers and Honorary President of the Quarter-Century Club of the Chemical Bank. The Quarter-Century Club, of which Mr. Shaw is President, is composed of approximately 115 directors, officers and employees who have been in the bank's employ for twenty-five years or more.

*From left to right:* Mr. Frank K. Houston, President, Chemical Bank & Trust Company; Mr. Percy H. Johnston, Chairman, Chemical Bank & Trust Company; Mr. Samuel Shaw, Secretary & Vice-President, Chemical Bank & Trust Company; Mr. John F. Flaacke, Asst. Secretary, Chemical Bank & Trust Company.

Mr. Shaw was born in Newark, New Jersey, on February 4, 1877 and entered the employ of the Ninth National Bank on September 13, 1891. Through a series of mergers, that institution became the Citizens National Bank, of which Mr. Shaw was appointed Assistant Cashier on November 17, 1919. After the merger of the Citizens National Bank and the Chemical National Bank in 1920, he was appointed Cashier January 12, 1921, and Vice-President & Cashier January 12, 1928. When the Chemical National Bank became a State institution on June 30, 1929, he was made Vice-President & Secretary. Mr. Shaw is Secretary of the New York Clearing House Association and a member of the Special Sub-Committee. He is also a member of the Baltusrol Golf Club.

# From Washington

*(Continued from First Page)*

**campaign. Whether there was a gas shortage or not, Ickes' fundamental purpose was that the people should be made war conscious through the spirit of sacrifice. It was rather an amazing commentary on the disunity in which the country finds itself, that newspaper editors, particularly Washington editors, did not take Ickes' seriously. After all, he is a member of the cabinet and in a National Emergency, had been appointed by the President to be fuel administrator. The Washington editors hooted at Ickes. One editor, indeed, sent photographers out to Ickes' place in the country, about 20 miles from Washington, to take pictures of the 700 gallon oil tank on his place. It is doubtful that the tank was filled with oil, but the fact that an editor would do this to a cabinet official and fuel administrator in times of national emergency showed the lack of confidence in Ickes.**

Then, when questioning voices began to be raised all over the place about whether there was really a shortage of gas, Ickes picked out a Dollar-a-Year man, Mr. Davies, to take charge of the crusade. And he, himself, went off on a vacation.

Now, a Senate committee is looking into the whole mess and somebody is going to be hurt. What the committee is developing so far is that there has really been no gas shortage but that a lot of selfish interests are responsible for the agitation. This writer doesn't know what the committee's final findings will be. So far, it has painted a picture of there being a desire on the part of the big oil companies, of long standing, to erect a pipe line to serve the Eastern seaboard, and that they took up the gas shortage bugaboo to put over their project. When one goes into all the ramifications of the controversy this explanation would seem to be over-simplification, to say the very least. But the point is that, that is the picture which the Senate committee is developing. It is developing a picture that in the first instance, there is really no oil shortage. Then, who is responsible for the scare? Well, the railroad people say they have had plenty of tank cars with which to move the oil. Maybe this is true, maybe it isn't. The "big" oil companies, according to the picture, did not want to avail themselves of the railroad facilities for selfish reasons. In the meantime, motorists on the Eastern seaboard have been put to a lot of inconvenience. Furthermore, there are stories wafting about Washington, the greatest propaganda factory in the country, that the "big" oil companies were glad to have the closings of filling stations because they could cut down on expenses.

**Into this picture stepped Mr. Davies. When the explosion comes, as an explosion seems to be coming, Ickes, instead of taking the rap as he should under the circumstances, for having originated the oil shortage campaign in the first instance, will be able to point to a $56,000 a year Standard Oil executive, as having been the administrator of the whole thing. Instead of being embarrassed, he will be able to cite this as another instance of the untrustworthiness of "big" business, the "oil moguls." Business will take another rap in public opinion.**

It will be another set-up for Ickes. The picture which it seems is going to be developed in the final analysis, will not be that of Ickes creating the oil scare to make the people war conscious, as competent Washington observers know to be the truth, but of the oil companies originating it to pursue their selfish interests—and what better evidence of this than the fact that the campaign was turned over to an official of one of the big companies?

**It is truly amazing how, with the New Dealers manifestly out to make a case against business, so many representatives of business permit themselves to become a party to it.**

Hollywood has moved in on Washington in high glee for the investigation by a Senate subcommittee of the charge by isolationists that the movies have been propagandizing for this country's entrance into the war. In typical Hollywood fashion, it is intended to burlesque the investigation and make fools out of the Senators. The Hollywood Reporter, a paper with less than 10,000 circulation, has employed several high priced writers for this purpose, and the industry has engaged Wendell Willkie.

This writer from long years of Washington experience, has never known anybody to take a Senate committee for a ride. It has too many advantages. However, the Senate has lost many of its good investigators. It remains to be seen what sort of a job, Senator Worth Clark of Idaho, who is chairman of this particular committee, is able to do. He is a man with plenty of ability, unproven in the Senatorial investigating field, but if he is but half good in this instance, the chances are that he will be able to use Hollywood's own set-up against it. For one thing, he can ask how the Hollywood Reporter can support the coverage it is getting.

**It promises to be a good show, with Hollywood coming out on the wrong propaganda end—if Worth Clark turns out to have the ability particularly needed in this instance. At any rate, it looks as though the movie industry has waded in with its chin out.**

## Correction

In The Financial Chronicle of September 4th it was reported that Meredith Kilgore has been transferred from the Tulsa office of Francis, Bro. & Co. to the firm's main office in St. Louis, Mo. We are informed that Mr. Kilgore has been selected to fill the vacancy as Oklahoma representative of the Tulsa office of Francis, Bro. & Co., Kennedy Building, caused by the resignation of Robert B. Ewin.